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NEWS SUMMARY

GENERAL

2,000 'bomb alert' police

More than 2,000 uniformed police are being drafted into London's West End in the wake of the renewed IRA bombing campaign.

Scotland Yard said that all police leave had been cancelled until further notice and officers would each be working a 12-hour day.

Policemen have been briefed to stop suspects entering or leaving vulnerable areas. Officers are also visiting stores to advise on security. Page 5

Revie banned for ten years

Don Revie, the former England soccer manager, has been banned for ten years by the Football Association for bringing the game into disrepute. He is effectively barred from management in England and Wales until 1987 as the ban is backdated to last year, when he resigned as manager to go to the United Arab Emirates.

Alan Ball, the Southampton and former England player, was fined £3,000 by the FA for taking an illegal payment from Revie some years ago.

Iran 'shuffle'

Moves are under way in Iran to form another civilian government. An announcement naming Dr. Gholam Hossein Sadiqi as Prime Minister is said to be imminent. Back Page

Begin explains

Israeli Prime Minister Menahem Begin again blamed the U.S. and Egypt for the breakdown of peace talks when he explained to the Knesset (Parliament) why the Cabinet had rejected new Egyptian proposals. Page 3

Sect murders

Stephen Jones, teenage son of the People's Sect leader Jim Jones, has been charged with four murders in Guyana. Last month, 900 members of the sect were involved in a mass murder-suicide.

French black-out

Most of France was blacked out for two hours as cold-weather demand overloaded the electricity grid. Transport and hospitals were hit and thousands of people were trapped in lifts. Page 2

Hospital move

The Government is to introduce common waiting lists for hospital treatment from early next year, so that everyone will be admitted on the basis of need rather than people who can afford to pay being allowed to "queue jump."

Lew's extension

Lord Grade, 72-year-old chairman of Associated Communications, told the Christmas party he throws each year for journalists that he had put off his retirement from 2000 . . . to 2001. Attack on taxation, Page 5

Briefly . . .

EEC Foreign Ministers approved the opening of negotiations over Spain's entry to the Community. Page 2

President Brezhnev of the Soviet Union was 73 yesterday.

Nine guerrillas died in a battle with Nicaraguan National Guards.

Public inquiry is likely into plans to store nuclear waste under the Cheviot Hills, Northumberland.

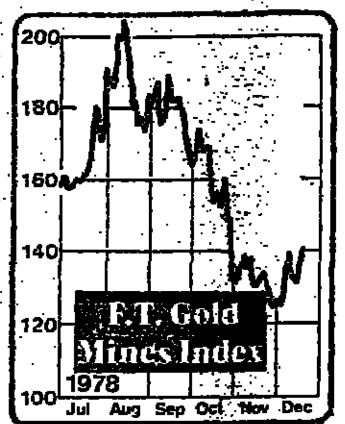
Fewer people were killed in accidents at work in the UK last year. Page 5

National Union of Journalists opened its appeal against the High Court ruling requiring Daily Express journalists to handle Press Association copy. Page 7

BUSINESS

Gold shares rise again

● EQUITIES made modest improvement and the FT ordinary index closed 2.1 up at 476.1 in very low volume of trade. Gold shares made progress on overnight US demand and the rise in the bullion price. The Gold Mines index rose 6.5 to 140.2.



● GILTS recorded marginal gains in mediums and longs and the Government Securities index closed 0.04 up at 68.80.

● STERLING rose 45 points to $2.0100 but its trade-weighted index eased to 63.3 (63.4) while the dollar's depreciation widened to 9.5 per cent (9.4).

● GOLD rose $3¾ to $216½ in London, and in New York the Comex December settlement price was $220.80 ($214.70).

● WALL STREET closed 2.34 up at 789.85.

● EEC FOREIGN Ministers have approved a directive laying down minimum standards for the operation of life companies, a step which could lead to the creation of a common market in life assurance within the Community. Back Page

● INDUSTRY'S profitability improved sharply in the early autumn as is shown by an 18.9 per cent rise to £3.51bn between the second and third quarter of this year in companies' gross trading profits. Back Page

● UNIT TRUST sales are expected to exceed £525m this year, an improvement of more than one-fifth on the previous record in 1972, although November sales were the lowest since February at £36.4m. Page 5

● ROLLS-ROYCE, Northern Engineering Industries and the U.S. group Combustion Engineering have launched a joint venture to compete in the international nuclear energy market with a U.S. design of reactor. Rolls-Royce has had its best year yet in terms of sales, with deals signed for new aero-engines worth more than £2bn. Back and Page 5

LABOUR

● SINGER shop stewards will meet today following repeated warnings from management that it will close the Clydebank plant unless the 4,800 employees overturn their decision to reject the joint management-union plan to save 2,600 jobs. Page 7

COMPANIES

● NORTHERN FOODS pre-tax profits for the year to September 30 rose from £17.91m to a record £22.4m on turnover up £70.32m to £302.64m. Page 23 and Lex.

● BROOKE BOND LIEBIG's £19.3m bid for control of Bushells Investments, the Australian tea and coffee group, has been criticised as inadequate by Bushells advisers Coopers and Lybrand. The offer price of $A5.565 cash has the approval of Bushells directors. Back Page

● ASSOCIATED DAIRIES pre-tax profits rose 26.1 per cent to £14.5m for the half-year to October 28 on sales 28.6 per cent ahead at £316.4m. Page 22 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			
Treasury Var. 1982	£95½	+ 5/16	
ANZ	312	+ 12	
Diamond Stylus	19	+ 2	
Granada "A"	127	+ 4	
Plysu	109	+ 3	
Reliable Props.	50	+ 4	
Smurfit (Jefferson)	190	+ 4	
Wilmot-Breeden	82½	+ 3½	
Royal Dutch	£40¼	+ 1	
Anglo Am. Corp.	296	+ 10	
Ashton Mining	72	+ 10	
Bracken Mines	70	+ 5½	
De Beers Defd.	364	+ 8	
Kloof Gold	496	+ 23	
West Driefontein	£21⅞	+ 1½	
Western Mining	133	+ 5	

FALLS:		
Anglo-Am. Asphalt	40	− 6
Bishops' Stores	140	− 5
Carpets Intl.	56	− 3½
Christy Bros.	43	− 6
Clark (M.)	149	− 5
Cullen's Stores	126	− 6
ICL	436	− 8
MFI Furniture	164	− 4
Monk (A.)	85	− 5½
Record Ridgway	52	− 20
Sotheby P. B.	330	− 8

Healey holds out hope of spring income tax cuts

BY CHRISTIAN TYLER AND PETER RIDDELL

Mr. Denis Healey, the Chancellor, last night held out the hope of income tax cuts in the spring Budget if there was no wage explosion this winter.

Mr. Healey said this in a special interview on BBC Wales television after a meeting with the TUC economics committee. It also became clear at the meeting that the Government appeared ready to make some special provision for 1½m public service manual workers who are now providing the greatest threat to the weakened 5 per cent pay policy.

The Chancellor's comments on possible tax cuts come as a surprise, since it has been widely assumed that the Government will have little or no scope for an expansionary budget next year—assuming Mr. James Callaghan does not call an election before then.

The emphasis in official advice has been towards restraint, given the uncertainty about pay and possible strains on monetary policy resulting from the already high level of public borrowing.

Only a week ago, the Bank of England warned in its quarterly bulletin that the Government's fiscal and monetary policy should have a "clearly cautious bias" as there was no room for a faster expansion of domestic demand than was anyway likely.

One possibility is that Mr. Healey might present a rise in personal income tax allowances as a tax cut even though such an adjustment in allowances in line with previous price inflation—costing about £1¼bn—is anyway required under the terms of the 1977 Finance Act, unless Parliament decides otherwise.

After meeting the TUC leaders, Mr. Healey said that pay deals for the low-paid public service workers might be staged. This was the technique used to pacify other public employees in the last wage round, although he did not spell this out.

Guidelines

He said this did not mean any movement from the pay guidelines already set down. Both Ministers and TUC leaders appeared to have agreed at the meeting, however, that some kind of comparability exercise would be appropriate for the public service workers, if unions can agree among themselves, and employers consent to the precise terms of reference.

Another important development yesterday was that the two sides agreed to hold regular monthly meetings to review the economy, prices and inflation. The first will take place next month.

The meetings would lead to a summit in the spring at which the whole future of collective bargaining and economic priorities would be thrashed out in line with the joint document "Into the Eighties."

Proposals for regular monthly meetings and for some comparability exercise for low-paid workers was contained in the joint statement drawn up by Ministers and TUC leaders a few weeks ago. Both these propositions fell because the TUC General Council refused to accept the statement. Now, both have been revived to the apparent satisfaction of the parties.

It now remains for the four unions principally involved in the public service workers' 40 per cent pay claim to agree how the pay study and a staged deal would be carried out.

The National Union of Public Employees has rejected the idea of comparing these workers' earnings with their equivalents in the private sector since the private sector equivalents are even worse paid.

NUPE and the others are now talking about some link with national average earnings.

Unemployment total falls to lowest for two years

BY DAVID FREUD

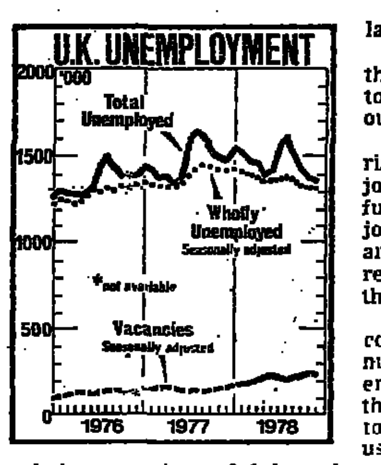
THE NUMBER of adults out of work in the UK fell sharply for the fourth month running to 1.32m seasonally adjusted, or 5.5 per cent of the workforce, in the month to mid-December. This is 18,100 lower than the previous month.

Unemployment is now 114,200 below the post-war peak of September 1977 and the lowest for almost two years.

Employment Department figures published yesterday, suggest that the rate of decline in unemployment has risen significantly.

In the last four months, the jobless total has fallen from 5.8 per cent of the workforce, or by 71,300. This was a much steeper decline than in the same period last year, when it fell by only 12,600.

There has now been a decline in 13 out of the last 15 months and the exceptions of July and August are thought to be due to inadequate seasonal adjustments. More than 62 per cent of the total fall in the 15-month period was registered in the last four months.



The improvement suggests the labour market is responding to the increase in the growth in output earlier this year.

This is supported by a further rise in the numbers leaving and joining the registers, and by a further drop in the number of jobless school leavers. There are now 43,200 school leavers on registers—18,000 fewer than at the same time last year.

However, there was not a corresponding increase in the number of vacancies notified to employment offices. About a third of vacancies are notified to the offices and they are usually regarded as a good guide to labour market activity.

The vacancies' total remained unchanged in the month to mid-December at 231,200. This is

Continued on Back Page
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EEC steel crisis plan renewed

BY GILES MERRITT

BRUSSELS — The EEC's crisis plan for the steel industry has been renewed for a further year, in spite of a major confrontation inside the EEC Council of Ministers.

The row, which at one point threatened its adoption, was over national aids and subsidies. These particularly affect the UK and Italian state-owned steel industries. In a device which British officials in Brussels last night described as a "breathing space," a voluntary code governing aids has been agreed and will be the basis of negotiations over mandatory control.

If agreement on an EEC formula controlling steel aids is not reached by April 1, however, the whole question of Europe's steel policy is to be re-opened in a fundamental political stocktaking. Such a move would obviously throw doubt on the 1979 crisis plan itself.

Until the three-month deadline expires, though, the price ceilings and production quotas of the plan will not be in any doubt. The council's unanimous adoption of the plan also opens the way for a new set of vital external trading agreements with non-EEC steel-producing countries.

This week's two-day council meeting, which ended last night, also agreed to tighten the application of the external agreements limiting steel imports into the Common Market. Attempts are to be made next year to ensure that steel imports are spread more evenly throughout the EEC in order to prevent certain member countries, notably the U.K., from having to take an unfair share of imported steel products.

Difficulties over national aids first became apparent last month when West Germany indicated it might veto renewal of the crisis plan, unless state financing methods were regulated in other member countries. The Bonn position on aids has the Brussels Commission's backing.

Viscount Etienne Davignon, the EEC Industry Commissioner, the architect of the crisis measures, has been arguing for greater centralised administration of industrial policy.

But the UK, which had been calling for a system—said to be impracticable—under which the council would have been required to give unanimous consent to even routine financial aids, has apparently succeeded in blocking the West German demands. In addition to Italy, both France and Belgium are believed to back the UK position that only highly flexible standards can be applied to national measures.

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FEATURES

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Indian parliament jails Mrs. Gandhi

BY K. K. SHARMA

NEW DELHI — Mrs. Indira Gandhi, the former Indian Prime Minister, was sent to jail yesterday by the Indian Parliament's Lower House after being found guilty of breach of privilege. She was also expelled from membership of the House.

The voting was 279 for and 138 against with 37 absentions (mainly by the Marxists and some opposition members). Immediately after the division the House plunged into disorder, forcing the Speaker to adjourn the proceedings.

Mrs. Gandhi has been sentenced to imprisonment until the session is prorogued. This means that she will spend at least four days in jail and could be there until the end of next week, or even longer, if the Government decides to prolong the session to take up legislation that has been delayed.

The former prime minister remained in the chamber after the House was adjourned, waiting for several hours for the authorities to take her away to jail. Supporters of Mrs. Gandhi's Congress (I) Party shouted slogans backing her and the leader of the opposition, Mr. C. M. Stephen, said the sentence would lead to her return to power.

Although Mrs. Gandhi has been expelled from the House—to which she was elected less than two months ago — she is not debarred from seeking election again. She told reporters she would contest the parliamentary by-election from the Chikmagalur constituency from which she was recently elected and it is therefore a matter of time before she becomes a member of the Lower House again.

The imprisonment of the former Prime Minister is thought by many to add to her strength politically since she now becomes a martyr. She told reporters it was clear that the sentence reflected political reasons and denied the breach of privilege charge. She has been found guilty of obstructing officials collecting information on her son's car company which was needed for reply to a parliamentary question.

Mr. Morarji Desai, Prime Minister, told the House that he favoured the punishment meted out to her because Mrs. Gandhi showed no signs of remorse. He denied that the ruling Janata Party was involved in any political vendetta.

The Janata Party was sharply divided on the motion to imprison Mrs. Gandhi, but these divisions were not reflected in the vote.

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Dollar slides in spite of bank support

BY MICHAEL BLANDEN

WIDESPREAD central bank support in Europe and the U.S. yesterday failed to prevent a further sharp drop in the value of the dollar against most other leading currencies.

Strong pressure on the U.S. currency became apparent in early trading in European foreign exchange markets yesterday, following the sharp fall in its value on Monday.

The renewed weakness of the dollar reflects concern in the market about the unexpectedly large 14.5 per cent increase in oil prices agreed by the oil-exporting countries at the weekend.

The oil price decision has created the first threat of a crisis for the dollar since the package of support measures announced by the U.S. at the beginning of last month.

Substantial official intervention was needed yesterday morning when the pressure on the dollar was at its strongest. Later in the day trading became quieter and the U.S. currency picked up a little from its worst levels.

A $3.8bn balance of payments deficit was recorded by the U.S. in the three months to the end of September. This was $700m more than the April-June deficit. Back Page

In early New York trading, the dollar continued to improve a little, again perhaps with some official support.

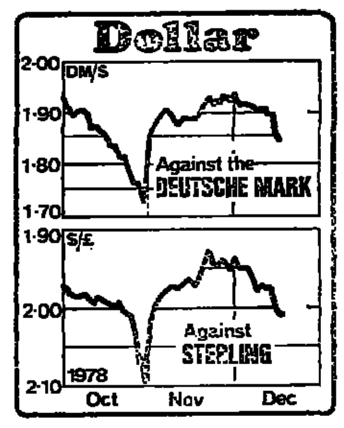
The drop in the value of the dollar was reflected in a sharp rise in the price of gold. The gold market has overcome its anxiety about last night's U.S. gold auction, at which the Treasury sold 1.5m ounces against the previous monthly figure of 750,000 ounces.

Gold hit a best level yesterday of $221⅞ an ounce before coming back in quiet afternoon trading to close in London at $216½, up by $3¾ from the previous day.

The decline in the dollar was reflected in a fall in the Bank of England's index of its value from 83.4 to 83.1.

The dollar was weak against the main European currencies in nervous trading, but ended the day slightly better against the Japanese yen at Y193.2 against Y193.05 on Monday.

In Frankfurt, the Bundesbank was reported to have intervened continuously during the morning, and at the exchange market fixing, bought $59.55m in support of the dollar. This was the largest intervention at the fixing since late February.



At the end of trading in Europe, the dollar had fallen to DM 1.8420 against DM 1.8585.

It also slipped against the Swiss franc to SwFr 1.6429, compared with SwFr 1.6565. One of the strongest European currencies was the French franc, which improved to FFr 4.2225 to the dollar against FFr 4.2625.

The pound rose sharply during the morning to reach $2.0275 at one stage, with its trade-weighted index improving to 63.6. Later in the day it came back to end in London at $2.01 for a gain of 45 points.

With sterling again not keeping pace with other strong currencies, the trade-weighted index eased by the end of trading to 63.3 against 63.4 on Monday.

David Lascelles writes from New York: The federal reserve board moved yesterday to tighten credit in the U.S. By intervening in the Fed funds market, it appeared to nudge the key Fed funds rate up to about 10 per cent from the 9⅞ per cent level of the past two weeks.

It was unclear, though, what new target the Fed had set. Many dealers believed the Fed would intervene further over the next few days to push the rate up to 10½ or even 10¾ per cent.

Although the move seemed aimed in part to counter the dollar's decline, domestic factors must also have played a role. Dealers cited the continuing strength of the economy and demand for credit, the high rate of inflation, and the possibility that the money supply is once again on the rise.

Money markets Page 25

£ in New York

—	Dec. 19	Previous
Spot	$2.0160-0170	$2.0020-0035
1 month	0.20-0.14 dis	0.30-0.24 dis
3 months	0.56-0.49 dis	0.80-0.73 dis
12 months	2.45-2.25 dis	3.35-3.15 dis

New York disease on French leave

BY DAVID WHITE

PARIS—Never mind where Moses was when the light went out, I was in the Metro. . . .

Just before 8.30 yesterday morning the whole Paris underground network came to a halt, passengers made their way to the surface in the dark and the taxi supply was exhausted in seconds.

"They're on strike," said a man who had got half way through re-filling a sweet-vending machine. It was a good bet, but the next round of strike action was not due until Thursday.

The great black-out, it transpired, had hit a good three-quarters of France in the space of a few minutes. Paris was not fully back in business until the afternoon, and the EDF electricity board warned there might be further cuts in the evening.

While Christmas shoppers in Paris were fumbling in the dark, and bars served the first aperitifs by Candlelight, the east of France, where according to the EDF the chain of disaster began, was going strong on imported current from West Germany.

Lyon, Marseille and the west of France were deprived of electricity, while the north, south-west, parts of the south-east and areas of Switzerland and Belgium suffered partial cuts.

Police and firemen were deluged with calls from buildings where lifts had stuck or hospitals which had no private generating systems.

The power failure was compared with the day in November 1965 when lights throughout the east coast area of the U.S. went out, or the New York black-out of July last year.

The EDF said it happened because of heavy demand, caused by the onset of cold weather, and overloading of a high-tension line bearing power from the east to the Paris region. The 400,000 volt line cut out, causing a lowering of tension throughout the system and a series of failures which brought a large part of the network down like a line of dominoes.

The EDF said it might have to relieve the load by making further selective cuts when demand reached its evening peak.

Trade unions took advantage of the incident to belabour the Government's energy policy. The biggest, the CGT, which is organising a day of industrial action on Thursday hitting railways and power services once more, said the breakdown reflected inadequate facilities.

Its rival body, the CFDT, blamed the Government for concentrating on nuclear energy at the expense of building enough traditional power plants.

Cafe gossip was, of course, going at full voltage. Some were so unfair as to suggest that, what with the Government renewing its appeal for energy saving and what with the OPEC price increase, other hands than those of chance might have been at work.

● France's oil import bill next year will rise by FFr 6bn (£705m) as a result of the 14.5 per cent oil price increase decided by OPEC, M. Raymond Barre, the French Prime Minister said yesterday. This could bring the French oil bill to nearly FFr 60bn in 1979, according to independent estimates.

M. Barre added that he expected French foreign trade to show a FFr 3bn surplus in 1973. Reuter

PARIS DRAGS HEELS OVER SPAIN'S EEC APPLICATION

Qualified go-ahead for entry talks

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS — EEC Foreign Ministers yesterday gave their qualified approval to the opening of negotiations with Spain on its application to become a full member of the Common Market.

They agreed that a formal ceremony, marking the official start of negotiations, should be held in the first quarter of next year, probably in February.

But at the insistence of France, they took the unusual step of stipulating that talks on the substance of the application should begin only when Spain and the EEC had agreed on "a common basis" for negotiation.

France's motives undoubtedly have to do partly with fears in Paris that Spain's prospective membership could become a politically sensitive issue during its national campaign for direct elections to the European Parliament, due to be held in early June next year.

The European Commission has already warned that agricultural regions in the South and South West France will suffer economically from Spain's entry, and this point is certain to be seized on by President Giscard d'Estaing's critics in the Gaullist and Communist parties.

But several other governments, including Britain, are openly concerned that France's reservations run much deeper, and that they may have handed it a weapon which could be used to postpone Spanish entry for a considerable period.

Mr. Frank Judd, Britain's Minister of State at the Foreign Office, who opposed the French move, said after the meeting that it was "quite clear" that France was trying to delay work on Spain's application.

While a period of several months is genuinely needed to prepare the negotiating dossiers, the EEC did not insist on including a specific reference to a delay in its response to either the Greek or Portuguese applications.

Meanwhile, the EEC was preparing for what promised to be a difficult meeting with a high level delegation from Athens today, at which the post-accession transition periods for Greece's agriculture and social sectors were due to be discussed.

Yesterday evening, officials of the Nine were still struggling to overcome sharp internal differences over what the exact EEC offer should be.

France was pressing for an eight-year transition period for Greek agriculture, while Germany was insisting on a similar period for the extension to Greek workers of the right to move freely around the EEC.

Britain, by contrast, has been arguing for transition periods of no more than five years—in line with the desires of the Greek Government itself.

Greece has expressed bitter disappointment at the proposals by the European Commission for transition periods of seven years for most agricultural products. Last week, Mr. Konstantin Karamanlis, the Greek Prime Minister, called in ambassadors of the Nine and handed them a letter to their heads of government, urging them to improve the Community's offer.

There were some indications yesterday evening, however, that Greece might be prepared to move slightly towards the Community position by proposing maximum transition periods of six years.

Council seeks fresh discussions on budget

BY GILES MERRITT

BRUSSELS — The EEC Council of Ministers has decided to seek fresh talks with the European Parliament to try to sort out the politically-loaded row over the size of the 1979 Community budget.

Following what was, in practice, an extraordinary session of the Budget Council, hurriedly called to discuss the Commission's opinion that it must implement the Parliament's enlarged £9.2bn budget, Dr. Manfred Lahnstein, the Council president, announced that further negotiations are being sought.

It appears that the possibility of a compromise that would avoid a damaging constitutional clash between the Council and the Parliament was first raised through an informal approach to the Council from Sig. Emilio Colombo, the Parliament's President.

The two sides in the budgetary row, which revolves chiefly around the Parliament's attempt to boost next year's regional fund by more than 80 per cent to £693m, now have until the end of January to find a compromise.

For, according to practice, EEC member governments subscribe on January 1 to the New Year's budget at the rate of spending decided by the Budget Council. It is not until the end of January, therefore, that they would be acting in defiance of the Parliament by refusing to increase the level of payments.

The European Parliament's determined stand in Luxembourg last week, in which it took advantage of a technicality that made it impossible for the council to cut the budget back to the £8.2bn first envisaged, has already raised fears that next June's direct elections to the Parliament could be compromised.

Dr. Lahnstein commented last night that while the council was not trying to cut back on the Parliament's powers, it had been noted that the European MPs have themselves been referring of late to the wider political implications of the dispute.

Turks press Sweden on N-deal

BY WILLIAM DULLFORCE

STOCKHOLM—During a two-day visit here, Mr. Bulent Ecevit, Turkey's Prime Minister, has been discussing a SKr 5bn ($1.13bn) nuclear power project with the Swedish Government. Mr. Ecevit has said that Sweden's ASEA-Atom and Stal Laval companies are well placed to win orders worth SKr 2bn-SKr 3 bn for Turkey's first nuclear power station, but that Turkey must also have generous credit terms and a guaranteed supply of uranium.

The Swedish Government is willing to guarantee export credits for 80-90 per cent of the Swedish deliveries but Turkey will have to raise finance for the remainder of the project. Sweden cannot supply uranium—it has not yet decided to exploit its own substantial deposits—but has undertaken to act as broker with a third country.

Most of the uranium for Sweden's own reactors comes from the U.S. the main rivals to ASEA-Atom for the Turkish order are American and Italian.

The Swedes have emphasised that no export permits for nuclear equipment can be granted until Turkey has signed the nuclear non-proliferation treaty and agreed to international control of its nuclear programme. A Bill providing for Turkish adherence to the non-proliferation treaty has already been submitted to the Turkish Parliament, Mr. Ecevit has explained.

ASEA-Atom, the nuclear reactor company which is owned half by the state and half by ASEA, the heavy electrical group, has so far won orders for only two power plants outside Sweden, both in Finland. Its future is in some doubt because of the possibility that Sweden will build no more than the 11 or 12 reactors already planned.

The potential Turkish order for Swedish nuclear equipment has aroused some opposition here. Mr. Thorbjoern Faelldin, the former Prime Minister, yesterday criticised the minority Liberal Government for agreeing to provide export credit guarantees, and a small group from the People's Campaign against Atomic Energy demonstrated outside the Foreign Ministry, when Mr. Ecevit was being entertained to dinner there.

Lisbon meeting on Cuba's role in Africa

By Our Own Correspondent

LISBON—Talks about the Cuban presence in Portuguese-speaking Africa are expected to take place during the official three day visit here by Sr. Carlos Rafael Rodriguez, Cuba's Deputy President, which started yesterday.

Sr. Rodriguez will have two meetings with Portugal's President Gen. Antonio Ramalho Eanes as well as talks with Prime Minister Carlos Mota Pinto.

This is the first official visit by a Cuban leader since the revolution four years ago and diplomatic sources say that the Cuban presence in Angola and Mozambique is certain to be raised.

Meanwhile, Dr. Jacinto Nunes, Portgual's Finance Minister, has denied reports of an imminent currency devaluation following OPEC's decision to increase oil prices. Dr. Nunes said the escudo would continue its crawling peg devaluation of no more than 1.5 per cent monthly in accordance with the IMF agreement signed earlier this year.

Cautious line by Moscow on U.S.-China agreement

BY ANTHONY ROBINSON

THE SOVIET Communist party newspaper Pravda, in the first semi-official comment on the establishment of diplomatic relations between the U.S. and China, has criticised China but emphasised that President Carter has said the U.S. does not want to use its new relationship with Peking to the detriment of the Soviet Union or anyone else.

"This is a very important statement," Pravda said, "and time will show if these words accord with practical deeds and political actions."

It noted, however, that "Peking is in no hurry to accept the American interpretation of the accomplished event" and warned that the Peking leadership had "embarked upon a road of open antagonism against the world of socialism and alliance with the most bellicose western quarters."

Pravda added: "We must be wary of Peking's desire to enlist Western support for its hegemonistic plans. This refers particularly to the unusual interest now evinced in some Western countries for Chinese orders of weaponry and technology and the readiness to satisfy Peking's military appetite."

The strongest reaction so far has come from the Czech Communist party newspaper Rude Pravo which described the establishment of diplomatic relations as "an alliance of the most reactionary forces in the contemporary world—Maoism and imperialism."

Yugoslavia by contrast hailed the agreement as a "contribution to active peaceful coexistence among peoples."

—Meanwhile, at a special ceremony in the Kremlin yesterday, President Leonid Brezhnev was awarded his third Gold Ctar of Hero of the Soviet Union and his sixth Order of Lenin to mark his 72nd birthday.

AP adds from Moscow—Two days before he is due to meet Mr. Cyrus Vance, the U.S. Secretary of State, Mr. Andrei Gromyko, the Soviet Foreign Minister, said he hopes their Geneva negotiations can find "mutually acceptable solutions" to conclude a strategic arms limitation treaty.

Chirac bid to cool RPR row

By Our Own Correspondent

PARIS—M. Jacques Chirac, leader of the Gaullist RPR party yesterday set out to dispel the storm of controversy surrounding his leadership by reassuring the Government that the Gaullists would not seek to undermine its majority in the National Assembly.

His open letter to M. Raymond Barre, the Prime Minister, effectively renews the parliamentary truce which the Gaullists offered their centrist partners in October and which appears to have been compromised by M. Chirac's recent attacks on the Government's European policy.

The RPR, M. Chirac said, would not take the initiative of calling the Government's existence into question which meant, through a censure motion in the next parliamentary session.

The Gaullists had done nothing to stop the Government's general economic and social policy, succeeding, although M. Chirac found "uncertainties and insufficiences" in it and cast some doubt on whether it was effective.

He repeated his "very acute apprehension" about the fture of France in Europe. But the RPR planned to bring its campaign home in the European Parliament ballot in June rather than in the Assembly. The message, phrased with the utmost courtesy, contrasts sharply with the bitter attack made by M. Chireac two weeks ago, which provoked sharp reactions even from some of the most anti-European members of his Party.

No ruling on Aegean

The International Court of Justice in The Hague yesterday disqualified itself from jurisdiction in the Aegean oil dispute between Greece and Turkey, AP reports. The court did not accept the legal basis invoked by Greece in asking it to define the Continental shelf limits in the Aegean.

Mediation fails in IG-Metall dispute

By Adrian Dicks

BONN — A fresh attempt to settle the West German steel strike, now in its fourth week, came to nothing on Tuesday afternoon. Herr Friedhelm Farthmann, the North Rhine-Westphalia State Labour Minister, who has been mediating between the two sides, said he could see no basis for a solution.

The meeting was called at short notice, and took most observers by surprise. On Monday, the steelworkers' union, IG-Metall, had formally rejected a proposed compromise on the issue of a shorter working week, leading the employers to warn that the compromise was an all-or-nothing package, and forcing Herr Farthmann to give up the formal role of mediator.

However, all parties had agreed to meet again if necessary, and on Tuesday morning hopes were running high that the employers might include a few more of the 300,000 workers in the region concerned in the proposed deal. No further offer was forthcoming, and the steel industry federation warned that it had already gone to the limit.

Despite warnings of widening the dispute, IG-Metall appears to have agreed in effect to discuss the deal it had rejected on Monday. The key element in this would be to give workers on unsocial shifts four extra paid free shifts in 1979, rising to 6½ in 1980. Today, Herr Eugen Loderer, the IG-Metall President, appeared chiefly concerned to broaden the number of men in the industry who could benefit from this arrangement.

Under heavy attack from most of the Press, as well as the employers' spokesmen, the union seems tacitly ready to admit it cannot push its demand for a "first step" towards a standard 35-hour working week any further in the steel industry without being willing to see the strike continue a good deal longer.

However, from a psychological point of view the union may now be more anxious to get a settlement before the Christmas and new year holidays than the employers, who have so far been able to go on meeting a good part of their deliveries from stocks and who may prefer to wait until next month to bring the blast furnaces back to full operation.

Health Office bans clofibrate heart drugs

By Leslie Colitt

BERLIN—The West German Health Office has ordered 24 pharmaceutical companies in the country to halt distribution of drugs containing clofibrate, a substance used to reduce the level of blood fat in heart diseases, on the grounds that it may have harmful effects.

The ban, which takes effect on January 15, is the most wide-reaching since a tougher West German drug law was enacted in 1976 in the wake of the thalidomide scandal. Some 37 proprietary drugs manufactured in West Germany fall under the ban against which the drug companies may appeal.

The Federal Health Office has given them until mid-January in order to allow time for changes to be made in the interests of patients.

The office says a "well-founded suspicion" that clofibrate is harmful has arisen following large-scale tests carried out in co-operation with the World Health Organisation at research laboratories in Edinburgh, Prague and Budapest. Patients treated with clofibrate had a higher death rate than groups whose high blood fat levels were not treated with the substance.

Death from heart attacks was not found to have been reduced by taking clofibrate drugs, and was said to be higher from liver, gall bladder and digestive illnesses.

Quiet exit for the 'marked men' in Iran's oilfields

BY SIMON HENDERSON

"REMEMBER before New Year you must leave the country," reads the note pencilled in large block letters on a piece of foolscap and left on the desk of a senior expatriate oil executive in Ahwaz during the lunch hour.

For himself he says with the almost archetypal oilman's voice, "Hell I've been in this business too long—that sort of thing doesn't scare me." But at the same time he admits men on contracts under him are just not renewing them when they expire. Ten have come to his office in recent weeks and asked for guarantees of security that he just could not give. An undisclosed number of others did not even come to his office on resigning.

Oil towns like Ahwaz and Abadan, are places which represent Iran's past prosperity and possible future wealth. They are the bases for the continuous process of drilling, pumping, refining and exporting of the world's largest oil producer. In normal times they are a smooth machine but at present when the whole system is being slowed or blocked by the largely silent and anonymous protesters against the Shah, the picture is more dismal.

Expatriate employees of OSCO, the Oil Services Company of Iran, a consortium of Western companies, are leaving Iran because of the danger of being caught up in an anti-Shah and often anti-foreign wave of riots, and the uncertain security provided by the Iranian Army.

OSCO employs about 4,500 Iranians on its staff and over 600 expatriates. In addition there are about 8,000 daily paid Iranians.

Production has risen in the last few days as the military-led government has announced deterrent measures against those who work slow but out in the oilfields of the Khuzestan region foreigners still keep a low profile. The mere sight of a European has been sufficient, executives say, to cause work to stop completely.

The group which perpetrated a fire bomb attack a month ago on the car in which the General Manager was a passenger is still unknown, but every OSCO foreign employee feels a marked man.

There is a Scorpion tank or an armoured car and truck of soldiers on most crossroads in the town, in greater strength at points where there is a statue of the Shah or his father which has not yet been pulled down. The railway bridge is covered with stencils of the face of the Ayatullah Khomeini, the exiled religious leader whose utterances seem to dictate every event and every conversation.

The man at OSCO considers he is facing a movement which was originally about squabbles over pay differentials and is now well organised because of a common ambition to rid the country of the Shah. He doubts that the movement is pro-Khomeini to the extent of wanting an Islamic state, or that any political parties, semi establishment or underground, have much of a say in tactics or can even manipulate what happens next.

The taxi driver on the two-hour drive through the desert to Abadan is firmly anti Shah, lives a mosque-oriented life, mistrusts foreigners, but listens to the rock music programme of Radio Abadan during the journey. He apparently feels part of a great movement and makes a detour through the back streets of Khorramshahr, the dhow-filled old port, pointing out the burnt banks and closed cinemas. "Big fire, big fire," he comments with glee at one particularly devastated building.

Outside the Rex Cinema in Abadan, where arson caused about 400 deaths in August, a school teacher grasps at the analogy of the French Revolution to describe what he feels is going on. "We want freedom of speech, we want democracy," he says, expressing a bias towards a non-religious government but does not know whether there is another Napoleon on the other side of the horizon.

There is no real xenophobic angle to the tension in Abadan. The refinery there is manned and run entirely by Iranians of the National Iranian Oil Company, the successor to British Petroleum in the town. The legacy of the days when BP was in control is still there—estates of company houses of different standard for each level of employee in tree-lined roads with neat hedgerows and lawns—a kind of Surrey-on-the-Gulf.

Production at the refinery though has been disrupted, as usual by the technically qualified, middle-class workers, who are the most politically motivated.

At one point last month production was down to about 60 per cent of the normal 500,000 barrels a day. Now it is very near that figure but it is not clear whether this is so because pay day is approaching or the company has threatened to sack employees who do not work a full day.

Sitting below a picture of the Shah, a company spokesman says an improvement of production is what all the employees want. It is not because the military is making people work, he says, that everyone is working voluntary overtime to get production back to normal. "But is it possible to have a short trip around the refinery to see everything running so smoothly?" "No, everyone who would be needed to organise such a trip is just too busy seeing that production is further increased."

The school teacher outside the cinema claims the refinery workers are having bayonets prodded into their backs. Without the trip neither view seems a fully satisfactory explanation.

There appears no reason to doubt that similar anti-Shah feelings and confusion permeate other Iranian Gulf towns — the terminal for refined products from Abadan at Bandar a Shahpur 90 miles to the east, or the crude terminal on the island of Kargh. At one point last week crude exports from there were down to 600,000 barrels a day, one supertanker load from a terminal which can normally take 14 ships at a time.

Australia air strike hopes

BY JAMES FORTH

SYDNEY — A compromise wage ruling by Australia's industrial tribunal, the Arbitration Commission, is expected to resolve a dispute which has disrupted domestic and international airline flights throughout the country. Groundstaff, who walked off the job at the weekend, will hold meetings today and are expected to vote for immediate resumption of work.

The dispute arose after the full bench of the Arbitration Commission made a ruling which reduced pay rises granted by one of the commissioners to some airline workers. The ruling followed an appeal by the nation's international carrier, Qantas, and the two domestic airlines, Ansett and Trans Australia Airlines, over the size of the wage increases.

The strike forced the airlines to reduce flights to a skeleton service as fuel began to run out at all major airports, and threatened disruption for thousands of holidaymakers over the Christmas period. Quantas flights yesterday suffered delays and three flights out of the country had to be rescheduled.

● Reuter adds from Wellington: Mr. Robert Muldoon, the New Zealand Prime Minister, had his parliamentary majority increased to eight when a recount gave a seat to a candidate who had lost in the first tally of votes cast in New Zealand's November 25 general election.

The recount reinstated Mr. Barry Brill MP in the Kapiti constituency of the north island, but opposition Labour Party candidate Margaret Shields indicated she would appeal to an electoral court.

With the recount, Mr. Muldoon's Government has 50 seats in the House of Representatives to 41 for Labour and one for the Social Credit Party.

Good news for Third World

UNITED NATIONS—The UN General Assembly last night affirmed the need to establish more just and effective world information and communications aimed at strengthening peace and understanding.

A resolution adopted by consensus said that this would be based on "free circulation and wider and better balanced dissemination of information." Third World countries want to redress what they feel to be the preponderant role played by Western news media.

Mr. Kurt Waldheim, the UN Secretary General was asked to co-operate with other bodies, especially the UN Educational, Scientific and Cultural Organisation (UNESCO).

Another draft, also endorsed by consensus, invited the secretary-general to hold consultations on ways of helping developing countries in communications technology and systems for their social progress and economic development.

The director-general of UNESCO was asked to draw up a model plan for cooperation and assistance in the application and improvement of national information and mass communication systems.

Reuter

PRESIDENT GISCARD D'ESTAING VISITS CONAKRY

Guinea returns to the French-speaking fold

BY DAVID WHITE IN PARIS

THE BLACK sheep of French-speaking Africa marks its return to grace today when President Valery Giscard d'Estaing of France lands in Conakry, capital of Guinea.

He arrives with a strong team of Ministers and an apparent determination to patch up what is now referred to as the "misunderstanding" between France and her former colony, which has nevertheless lasted for 20 years, ever since the foundation of Africa's first "popular democracy."

France, the Presidential spokesman spelt out the other day, is ready to co-operate.

The last French President there was Gen. de Gaulle. He left in a huff in August, 1958, a month before Guineans were to vote massively in favour of their country's opting out of the French West African Community.

Guinea is the only French-speaking country in Black Africa with which France has not had normal political relations. M. Giscard d'Estaing's visit, following his warm reception in the Ivory Coast at the beginning of the year, gives the French a chance to show that their Africa policy has facets other than Jaguar aircraft and paratroopers, which have given France the most conspicuous military presence in Africa behind that of Cuba.

France's reconciliation with President Ahmed Sekou Toure of Guinea has been carefully rehearsed. The French President's visit has been planned and postponed several times since 1976. The two countries re-established diplomatic relations three years ago after a 10-year gap which followed three successive charges by the Guinean regime that France was plotting to overthrow it.

That period of jitters is now over and Guinea is moving out of its isolation from the West. Most important, President Sekou Toure has buried the hatchet with his neighbours President Leopold Sedar Senghor of Senegal and President Felix Houphouet-Boigny of the Ivory Coast, in an unprecedented mini-summit in the Liberian capital, Monrovia, nine months ago. Without this, M. Giscard d'Estaing's visit would have posed problems.

Guinea's flirtation with the West develops in inverse proportion to the warmth of its relations with the Soviet Union. Unlike Cuba, with which it has close ties, Guinea was never entirely in the Russian camp. But the break with France and hostility from its moderate neighbours pushed Guinea into the arms of its Russian, Cuban, Czech, East German and Chinese helpers. The Russians and the Czechs are now clearly out of favour.

French diplomats trace this change of attitude to both political and economic reasoning. Guinea showed last year it was not ready to be used again in the same way the Russians and Cubans used it as a base for operations in Angola. It ended the Soviet Union's port and airfield facilities and stopped Russian Topolev aircraft from carrying out South Atlantic reconnaissance from its territory. The Russians still have mooring rights, however, supply the Guineans with tanks, MiGs and a reduced number of military advisers, who are supplemented by Cubans.

The Guineans are also believed to be unhappy with the quality and cost of the aid they receive from Eastern Europe. They are weighed down by a heavy civil and military debt to Moscow, received a bad deal with Soviet involvement in the big Kindia Bauxite mine, and have Russian trawlers depleting their fishery stock.

The search for the West's good favour began in 1974, when Guinea normalised relations with West Germany. It adhered to the Lome Convention in 1976. The conciliatory efforts of the French Embassy in Conakry have helped bring a series of contracts for French companies, and Western groups, including French, are shareholders in two major bauxite ventures and the Nimba iron ore project on the Guinea-Liberia border. France has recently regained its colonial position as Guinea's main supplier.

Western international agencies are also gaining influence in Guinea, which in spite of an extraordinary wealth of minerals figures in the list of the world's least developed countries.

Recent overtures to the west should be seen in the light of the role played by the U.S. Even if, until recently, this role has been discreetly backstage, it is a key one given the importance of U.S. food aid since the early 1960s.

President Giscard d'Estaing's Africa policy intended to shore up friendly "legitimate" Governments can be seen as parallel to that of the U.S. Administration. France intervened in Zaire's Shaba province earlier this year, and has tried to resolve the conflicts of Chad and the Western Sahara. French reconciliation with Guinea follows the same principles.

It will be interesting in this context to see what impact the French President's visit has on the troublesome question of human rights in M. Sékou Touré's Guinea. Guinea is conservatively reckoned to have 1,000 political prisoners, three or four times that number according to Amnesty International, an organisation which M. Sékou Touré has publicly execrated.

The leading Paris-based African magazine Jeune Afrique recently alleged that M. Diallo Tello, former secretary-general of the Organisation of African Unity, was starved to death in the notorious Camp Boiro in February of last year. Guinea has since expelled one of the magazine's journalists and barred another from covering the French President's visit.

Guinean exiles in France, part of an estimated 1m or 2m, who have left Guinea since independence, have pressed M. Giscard d'Estaing to take up the human rights issue. Some prisoners have been freed in recent months and the French clearly hope the visit will have a positive effect.

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ANGOLA-U.S. RELATIONS

The need for technology

BY QUENTIN PEEL

JOHANNESBURG—The likelihood of formal diplomatic relations being established between the U.S. and Angola, in exchange for Angolan support for the Western peace initiatives in Rhodesia and Namibia, has come appreciably closer following a spate of top-level U.S. missions to that country in recent weeks.

In particular there is a growing feeling within U.S. and Western diplomatic circles that the withdrawal of Cuban troops from Angola should no longer be regarded as a precondition for that recognition.

The Angolan government clearly sees diplomatic recognition as linked to substantial Western technological assistance in its development plans, as well as a final endorsement of its legitimacy in the wake of the Angolan civil war.

In a major speech in the Angolan capital of Luanda this weekend, President Agostinho Neto said his MPLA Government was prepared to establish friendly relations with any non-socialist country, because it realised the need for relations with other countries which could "supply Angola with technology essential for her development."

He also said that private enterprise and private initiative "did not necessarily clash with the revolutionary principles of the MPLA," according to Radio Luanda, monitored here by the South African Broadcasting Corporation.

But President Neto, addressing a party rally to mark the end of the MPLA anniversary celebrations, also insisted that his Government was not prepared to accept "terms imposed by other countries as preconditions for the establishment of normal relations"—such as withdrawal of the Cubans and a reconciliation with the rival Unita nationalist movement.

His speech is seen as significant for Western investors, as it follows the recent announcement that Angola is to open negotiations with international oil companies for offshore prospecting rights. He told the rally that not only oil, but also the exploitation and treatment of other minerals should be the "next step" in development.

Last week both Senator George McGovern, the prospective chairman of the subcommittee on African affairs of the Senate Foreign Relations Committee in Washington, and Mr. Stephen Low, the U.S. Ambassador in Lusaka and special Rhodesian envoy, were in Luanda. Shortly before that, Mr. Richard Moose, the U.S. Assistant Secretary of State for Africa, and Mr. Don McHenry, the Deputy U.S. Ambassador to the UN and principal negotiator on Namibia, held talks with President Neto.

Angola's role in the continuing efforts for a peaceful settlement in Namibia is seen *here as particularly crucial in* the wake of the unilateral South African-controlled elections held in the territory this month.

There is still no guarantee that the South African Government will persuade the constituent assembly elected in that poll to opt for a second round of UN-supervised elections, which would include the South-West Africa People's Organisation (SWAPO), the principal black nationalist movement, and the Namibia National Front, which also boycotted the latest voting. However, Mr. P. W. Botha, the South African Prime Minister, and Mr. Pik Botha, the Foreign Minister, are to meet the assembly this week as part of their agreement with the Western powers to use their best offices to persuade the "internal leaders" to opt for an internationally-recognised solu*tion in the territory.*

Western sources here now fear that SWAPO could itself be discouraged from going ahead with a UN-supervised election, as it will now be fighting a party firmly established in power by South Africa. Both South Africa and the Democratic Turnhale Alliance, which *dominates the constituent* assembly, are still talking about the elections only being held under "acceptable conditions," which could prove unacceptable to SWAPO.

President Neto has repeatedly voiced his own concern about the activities of South African forces on his southern border, and the prospects of a solution in Namibia which would stabilise that area have been heavily stressed by his U.S. visitors. Thus he could yet be instrumental in persuading SWAPO to stay with open elections under UN auspices, if there is any inclination from the SWAPO leadership to change its mind.

In return he might expect two rewards: U.S. recognition without Cuban withdrawal and *de facto* Western recognition for the existing SWAPO leadership of Mr. Sam Nujoma, rather than any attempt to back the breakaway faction represented *primarily by Mr. Andreas* Shipanga.

The Constituent Assembly, elected in the disputed South African-sponsored elections in Namibia, will meet for the first time today, Judge Marthinus Steyn, the S. African Administrator-General in the territory, announced in Windhoek.

Mr. P. W. Botha, the S. African Prime Minister, and Mr. Pik Botha, the Foreign Minister, will address the assembly on Thursday on the issue of whether or not to agree to a further round of UN-supervised elections.

Iraq moves to end Eritrea war

By Ihsan Hijazi

BEIRUT — Iraq may soon host a conference of representatives of the Eitrean rebel groups and the Ethiopian regime of Lt.-Col. Mengistu Haile Mariam to bring about a *peaceful solution to the conflict* in Eritrea.

According to diplomatic sources the matter was raised By Mr. Saddam Hussein, vice Chairman of Iraq's ruling Revolutionary Command Council during his visit to Cuba last weekend. They said the conflict in the horn of Africa was also one of the subjects the Iraqi leader raised with Soviet officials during his visit to Moscow last week.

Tass, the Soviet news agency, emphasised Moscow was not in any way involved in the Eritrean conflict.

Soviet officials were reported to have told Mr. Hussein that *a solution to the Eritrean problem* should be based on a plan for a federation with Ethiopia already offered by Lt.-Col. Mengistu.

Cuba sent troops and weapons to Ethiopia to help the regime there in the war against the Somalis in the Ogadan region and reportedly against the Eritrean secessionist rebels as well.

The rebels, who have been on the retreat lately in the face of an all-out offensive by the Ethiopians, have accused both the Cubans and the Soviets of fielding troops in the fighting.

Iraq, like most Arab states, has been supporting the Eritrean rebellion.

Diplomatic sources said the principle of a transitional federation between Ethiopia and Eritrea may be considered at the proposed conference to be followed in 10 years time by a plebiscite in Eritrea on the question of total independence.

Begin explains refusal to sign amended peace treaty

BY DAVID LENNON

TEL AVIV—Israel will not sign a document which is not a peace treaty and which is linked to an overall settlement whose attainment is not in Israel's hands, Mr. Menachem Begin, the Prime Minister, said yesterday.

Explaining to the Knesset why the Government had rejected the latest Egyptian proposals for resolving the impasse in the peace talks, the Premier again blamed Egypt and the U.S. for the fact that the peace treaty was not signed at the weekend.

He told the House that Israel could not accept the Egyptian proposals because they would empty many clauses of their content, and stressed that the interpretations which Egypt wanted to attach to the draft treaty were unacceptable to Israel, even if they were supported by the U.S.

The peace offered to Israel by Egypt is likely to lead to a situation in which if one of Israel's enemies declares war, Egypt will join in the attack, the Premier said.

"With all the friendship between Israel and the U.S. and all the help which Washington gives Israel, we must be prepared to reject the proposals," he added. "We will have to stand firm until the U.S. Administration recognises that Israel is an important factor in the free world and that it is Washington's duty to strengthen Israel."

The Israel Government could not accept a target date for implementation of the autonomy arrangement on the West Bank and Gaza Strip, "because we have had experience of such target dates before." At Camp David, said Mr. Begin, it was agreed that the negotiations between Egypt and Israel would be *concluded by December 17;* but this proved impossible because of Egypt's "new demands."

Mr. Begin pointed out that elections to the proposed Palestinian Administrative Council in the West Bank and Gaza required both electors and candidates. "Today, after all that has happened in recent months, we can say that neither exists because of intimidation. If we set a target date, this would increase the intimidation."

Mr. Shimon Peres, leader of the opposition Labour Party, said he rejected the Government's *peace plan* but *noted* that Israel would stand united in the face of external pressure. His party would not lend a hand to weaken the authority of the Government in the negotiations.

The Government is expected to win approval for its position when the House votes later today but the main opposition *parties probably will abstain.*

Bhutto continues defence speech

BY CHRISTOPHER SHERWELL

RAWALPINDI — Clearly *boosted* by his *sensational* appearance before the Supreme Court on Monday, Mr. Zulfikar Ali Bhutto, Pakistan's condemned former Prime Minister, insisted yesterday that he had no role in the conspiracy of which he is accused and repeated that instead a con*spiracy* had been *hatched* against him.

Looking more relaxed and composed, Mr. Bhutto argued for over three hours before the seven judges in a packed courtroom. He spoke with his old eloquence, and received both interjections and promptings from the Bench.

Mr. Bhutto said there was not a "scintilla of evidence" to show that he wanted to kill Mr. Ahmed Raza Kasuri, the man who accused him of ordering the Lahore car ambush in 1974 in which his father died of bullet wounds. "I've got no motive," Mr. Bhutto declared. "My fight is with big people."

At the end he said his accusers had indulged in "overkill" in their venom against him. Were it not for their hurry, excitement and inexperience, they might have had a perfect case. "But God will rescue me," he said.

He thanked the judges for giving him a hearing. "At last, after a year, I've been able to say something," he said "You've done me this favour. Now you can hang me. But you've conceded this right!"

As expected, Mr. Bhutto used the proceedings to elaborate on some of the points which he had made the previous day. Dissecting the judgment of the Lahore High Court which sentenced him to death last March, he offered examples to show that the court had been biased, and scorned the suggestion that he was a "Muslim only in name."

He denied that the Federal Security Force implicated in the murder was his personal force, and challenged the independence of witnesses used by the prosecution.

New plan for Japan shipyards

By Yoko Shibata

TOKYO — Leaders of Japanese shipbuilding workers have put forward alternative proposals to the extensive redundancies planned by the country's shipbuilders.

The policy announced by the National Federation of Shipbuilding and Heavy Machinery Workers' Unions, which is affiliated to the conservative Japanese Confederation of Labour (DOMEI), envisages long term lay-offs and shifting idle workers to other industries.

Seven major shipbuilders have announced plans to cut their labour force following guidelines issued in November by the Transport Ministry. The Ministry's recommendations call for an average 35 per cent reduction in shipbuilding capacity to deal with the protracted slump in shipbuilding orders.

The Federation's proposals were criticised by the left wing All-Japan Shipbuilding and Machinery Workers' Union. A spokesman for the union, which rejects layoffs and dismissals proposed by shipbuilders, said the Federation's plan would have a negative impact on union strategies in other industries to counter the "employers' personnel retrenchment offensive."

Workforce reductions planned by Japanese shipbuilders include a cutback of 10,500 workers by Mitsubishi Heavy Industries by October, 1980, a 20 per cent reduction in the wage bill (equivalent to a reduction of 4,000 to 5,000 workers) by Ishikawajima Heavy Industries and a cutback of 2,000 workers by March, 1979, by Mitsui Shipbuilding and Engineering.

In addition Hitachi has already cut 1,850 jobs, Kawasaki Heavy Industries is planning a reduction of 2,000 by the end of 1980 and Sumitomo Heavy Machinery Industries a cutback of 1,900 workers.

Industrial reforms in Zambia

BY MICHAEL HOLMAN

LUSAKA—President Kenneth *Kaunda has announced a series* of reforms to the Zambia Industrial and Mining Corporation (Zimco), designed to improve the running of the state-owned industrial and commercial sector which frequently has been accused of inefficiency.

Zimco, with a turnover in the year ending March 1977 of Kwacha 1,551m (£1,000m) and *a trading profit of Kwacha 177m,* has 104,000 employees and is the 133rd largest industrial corporation outside the United States. It is a 100 per cent state-owned holding company which directly or indirectly controls over 90 companies (many with substantial foreign minority interest), including Nchanga Consolidated Copper Mines (NCCM) and Roan Consolidated Mines (RCM).

The two mining companies are unaffected by the changes, how*ever,* which abolish all Zimco sub-holding corporations except for the Industrial Development Corporation (Indeco) and the National Import and Export Corporation (NIEC).

All the subsidiaries of National Hotels, National Transport Corporation, Zambia National Energy Corporation, the state Finance and Development Corporation (Findeco) and the Mining Development Corporation (Mindeco) will now become direct operating subsidiaries of Zimco—the existing status of RCM and NCCM.

An undisclosed number of companies "which have fulfilled no useful purpose or drawn the corporation into massive losses wil also be abolished," said the President. Zambia Airways, Zambia Railways and the Posts and Telecommunications Corporation will become Zimco members.

Commenting on the moves yesterday, a company spokesman said that although Zimco becomes even larger, its various companies are given a greater degree of responsibility operating under what he called "a small but powerful Zimco board."

A further important change is that the companies will be allowed greater freedom in pricing policies. Uneconomic pricing—*in part due to Govern*ment delays in approving increases — has resulted in heavy losses in certain companies.

The net effect will be to end the previous unwieldly relationship with Government, *leading,* it is hoped, to an overall improvement in Zimco's performance.

Rhodesia debates discrimination

By Tony Hawkins

SALISBURY — Six Bills designed to eliminate all "legislative" racial discrimination in Rhodesia were tabled in the House of Assembly yesterday. The Bills, covering land tenure, health, education and necessary amendments to the existing constitution will be debated for the remainder of this week before the House rises for a brief Christmas recess on Friday. Parliament is due to reassemble on January 9 when the Bills will undergo their committee stages and third readings at which time MPs will be required to vote on the new legislation, some of which requires a two-thirds majority before it can become law.

The Transitional government says it planned to conduct the debate in two stages in order to give MPs a chance to consult their constituents before voting in mid-January on the legislation which flows from the March 3 internal settlement agreement.

For the legislation to become law, Mr. Ian Smith's ruling Rhodesian Front must win the support of at least 44 of the 66 MPs. There has been speculation that some of the 50 white MPs might defy the party whip and oppose the bills, but most, if not all, the 16 black MPs are expected to vote for the abolition of discrimination thereby giving Mr. Smith a very comfortable two-thirds majority. The leader of the house, Mr. Jack Mussett, told MPs that the central theme of the March 3 agreement had been the removal of all racial discrimination, "it therefore follows that the land tenure act (which provides blacks from owning property in white urban areas) has to be repealed."

● **Michael Holman writes from Lusaka:** Patriotic Front co-leader, Mr. Joshua Nkomo, claimed yesterday that Rhodesia had received 48 Alouette Mark 3 helicopters from South Africa.

NASA prepares for Skylab to fall

BY DAVID BUCHAN

WASHINGTON — The unmanned U.S. Skylab space station, the biggest man-made object in space, is likely to plunge back to Earth at some time between July and September next year, raining debris over a very large stretch of the earth.

The National Aeronautics and Space Administration (NASA) announced yesterday it had given up further attempts to prevent Skylab falling from its present 265-mile-high orbit. Increasing mechanical failures on Skylab and sunspot activity increasing the atmospheric drag on the space station were making such efforts futile, the agency said. Launched in 1973, and last manned in 1974, Skylab was originally due to stay in orbit until 1983. In that period, NASA had hoped to put men back into the space laboratory by means of the Space Shuttle it is developing.

Of the 157,000-pound Skylab, some 40,000-50,000 pounds is expected to survive re-entry into the Earth's atmosphere, NASA officials said. It will then break up into 400-500 pieces, weighing from one pound to several hundred, the agency said the risk of injury or damage was less than that from meteorites, which themselves had not caused any recorded fatalities.

The debris could come down anywhere along a band of the Earth's surface 4,000 miles long and 100 miles wide, NASA said. Three quarters of Skylab's flight path is over water, but it also encompasses the U.S., most of South America, Europe and all but the southern tip of Africa, and Australia and New Zealand.

Mr. John Yardley, a NASA administrator, said yesterday his agency would develop contingency plans, including medical assistance if necessary. NASA lawyers made it clear the U.S. would accept full liability for any damage or injury, under the 1972 United Nations convention on the peaceful use of outer space to which the U.S. is a signatory.

Mr. Yardley said Skylab contained no radioactive material, unlike the nuclear-powered Russian Cosmos satellite which caused considerable alarm last January, when it went out of orbit and its debris landed in a remote part of Canada. The NASA officia said the Soviet Union had been informed of the U.S. agency's decision, and the U.S. would welcome any suggestions on Skylab the Russians might have. But NASA had concluded that any move to blow Skylab up — perhaps with a Russian anti-satellite weapon— in space would result in even more debris reaching earth.

Hitherto, the largest object in the U.S. space programme to re-enter the earth's atmosphere was the Saturn rocket used to launch Skylab. Weighing originally 90,000 pounds, the Saturn landed in the sea off Africa, without causing any damage, according to NASA.

The total cost of the Skylab programme has been $2.5bn. With the original research goals of the programme largely accomplished while the space laboratory was manned, Mr. Yardley said it was not worth spending $30m more in a probably futile attempt to keep Skylab in orbit as a landing dock for the Space Shuttle. A second Skylab is now in Washington's Aerospace Museum, because there are no more Saturn rockets to launch it.

Development of the Space Shuttle has been delayed, and the first orbital test flight is not due until next September. This delay helped NASA to decide to abandon attempts to keep Skylab up. But Mr. Yardley said the shuttle still had a rationale, even without Skylab, in the launching of other satellites, including a smaller European version of the now-doomed American Skylab.

Alitalia may buy new Airbus version

By Terry Dodsworth

PARIS — A visit to France by a 12-man evaluation team from Alitalia has raised the possibility that the airline will place a major order for the new version of the A-300 Airbus, which is likely to be available in late 1982.

Alitalia recently placed an order for eight of the aircraft in its present form, along with three options. At a press conference in Paris, Dr. Umberto Nordio, the president of Alitalia, said that his company would need between 30 and 45 aircraft of the new A-310 type between 1984 and 1990.

He added that the company might have to make a decision on whether to buy the European aircraft or the Boeing 767 rival within the next six months. So far the major support for the A-310 has come from Lufthansa, Swissair and Iberia.

The Airbus Industrie consortium has set itself the target of capturing between 25-30 per cent of the world airliner market in the sector which will be covered by the 200-seater A-310.

While revealing these plans yesterday, M. Bernard Lathiere, the president of Airbus Industrie, was able to underline the interest of Alitalia.

On the wider issues of Airbus Industrie's future M. Lathiere said that progress this year had been much more positive than expected, with orders taken for 71 aircraft.

In the next six months there was the possibility of another six airlines announcing orders. Last year, by contrast, only 36 aircraft were sold, but with the present pace of development the company was hoping to build up to an output rate of about eight aircraft a month in the five years up to the end of 1983.

M. Lathiere said that he believes that Airbus Industrie has now established its credibility which has been increased with the launch of the A-310 and the company's ability to offer a wider range of aircraft.

GATT talks near accord after new breakthroughs

BY REGINALD DALE

GENEVA — The world's leading trading nations are poised to complete the main bulk of a major package of trade liberalisation and reform measures by the end of this week—more than five years after negotiations officially opened.

The latest in a rapid series of breakthroughs in the final phase of the Tokyo Round of international trade talks came on Monday night when the U.S. and Japan announced that they had bilaterally reached "a comprehensive understanding on all principal issues under negotiation."

U.S. negotiators are now working flat out to reach similar agreements with as many other countries as possible before the talks adjourn for two weeks on Friday.

It will not be possible, however, for everything to be tied up by the end-year deadline as the Round's two biggest participants, the U.S. and the EEC, are not yet ready to reach a complete settlement. Although the European Commission is pressing ahead with negotiations here, it looks as if discussion of at least two key issues — safeguards against cheap imports and industrial tariff cuts—will have to be put off until the New Year.

The hope, nevertheless, is that a big enough package can be put together this week to enable President Carter to inform Congress of his intention to enter a new trade agreement in early January, allowing sufficient time for Congressional ratification.

When Congress reconvenes in mid-January, the Administration would also table legislation relieving itself of an obligation to impose countervailing duties on a wide range of U.S. imports, mainly from the EEC. The Community has said it will not conclude the final deal until this threat has been effectively lifted.

A major questionmark still remains over the attitude of France, which has constantly reserved its position on whatever deal the Commission negotiates in Geneva. At Monday's EEC Council of Ministers meeting in Brussels, France again expressed serious reservations on the outcome of the industrial tariff cutting negotiations with the U.S. and Japan and objected to a draft agreement covering subsidies on farm exports.

Italy said it could not accept proposed Community concessions on agricultural imports from the U.S. such as tobacco, rice and canned fruit. Neither country, however, tried to block further progress in the negotiations, and officials here hope that their objections will finally be overcome.

Most other areas of the talks are close to settlement. Agreement is near on new codes of conduct on government procurement, technical standards, customs valuation, subsidies and countervailing duties and the reform of GATT rules in favour of developing countries. Negotiations on new rules for trade in cereals, meat and dairy products are also well advanced.

The Community and the U.S., however, have yet to resolve the sensitive issue of mutual tariff cuts on textiles and chemicals. New U.S. proposals tabled at the weekend have been welcomed on the Community side as showing encouraging signs of movement but a final deal is unlikely before the New Year.

For the Community, the situation has been somewhat complicated by Monday's U.S.-Japanese deal, in which the two governments "pledged their best efforts to avoid any significant modifications of these understandings as the final adjustment process takes place." The U.S.-Japanese agreement covers some 150 products.

The Community's most important exports to the U.S. and Japan are not necessarily the same as those between Japan and the U.S. But where there is overlap, it will now be harder for the Community to negotiate changes in the agreed position of Tokyo and Washington.

In announcing their agreement, the first between two of the Round's major participants, the U.S. and Japan expressed their satisfaction at having met the mid-December deadline set by the Bonn world economic summit last July. The agreement, of which specific details are not yet available, covers all the main items under negotiation here, including the proposed new codes of conduct.

Citibank in tax talks with Swiss

BY DAVID LASCELLES

NEW YORK—Citibank confirmed yesterday that it was negotiating with the Swiss tax authorities over possible back taxes arising from its foreign currency operations. But it declined to say how much was involved.

The bank's announcement came after a report prepared by its lawyers and auditors revealed possible irregularities in foreign exchange transactions in a number of European countries. The report, published by Citibank on November 24, pinpointed the bank's Paris, Frankfurt and Zurich branches as having conducted questionable "parking" operations designed to shift profits from Europe to the bank's Nassau branch.

A bank spokesman said yesterday that as a result of the report, Citibank had, on its own initiative, approached the Swiss tax authorities about its possible tax liabilities. There had been one meeting so far, he said, and another would take place once all the information had been examined.

However, he denied as "totally unrealistic" a story in yesterday's Washington Post that Citibank's liability could amount to $50m.

"At most, Citibank's potential tax liability in Switzerland could be only a small fraction of the amount mentioned in the Post," he said.

Citibank's tax affairs have received wide publicity as a result of a suit filed by a former employee, Mr. David Edwards, who alleges that he was wrongfully dismissed because he tried to investigate what he believed to be illegal foreign exchange practices. The case is still at the pre-trial hearing stage.

IATA in clash with U.S.

By Michael Donne, Aerospace Correspondent

A BID by the U.S. Civil Aeronautics Board (CAB) to get rid of existing methods of fixing world air fares is being bitterly contested by more than 100 airlines in the International Air Transport Association, and by almost 60 foreign governments.

The U.S. effort has taken the form of the CAB issuing a "Show Cause" order, requiring the IATA, which represents most of the world's major airlines, to show why its existing methods of fixing international air fares should not be declared contrary to the public interest in the U.S.

Such an action, if carried to its logical conclusion, would not only render the IATA and its member-airlines liable to severe penalties inside the U.S. itself, but also outside that country wherever they carry U.S. citizens. As a result, the foreign airlines and their governments are resisting the U.S. strongly.

Mr. Knut Hammarskjold, director-general of the IATA, said in Washington yesterday that the CAB's action was not only precipitate but also overturned more than 30 years' acceptance by the U.S. Government of IATA's fares-fixing and other practices.

The IATA argues that the U.S., while having jurisdiction over its domestic civil aviation affairs, has no comparable authority over international aviation affairs, which must be conducted according to "multilateral consensus."

Furthermore, it says that the CAB "Show Cause" order ignores the essential distinction between domestic services and international aviation operations which need regulations to ensure convenient and economic development.

IATA says the CAB's order is based "on a narrow view of the public interest, and departs from the Federal Aviation Act by giving a controlling weight to the theoretical, domestic anti-trust concepts, and virtually ignores the need expressed by most sovereign governments for an integrated international operating system.

"The public interest standard thus improperly applied by the CAB places undue emphasis on unbridled competition, and disregards the Board's legal obligation to assemble and disclose the evidence upon which it relies to question the traffic conference (fares fixing) system."

The IATA, therefore, calls on the CAB to set aside its "Show Cause" order, and recognise that fundamental changes to the international air transport system require "multilateral consensus."

Union rejects Carter pay limit

BY STEWART FLEMING

NEW YORK — The Carter Administration may face an early challenge to its wage policy guidelines from a militant oil, chemical and atomic workers union whose two-year contract expires on January 7.

One of the union's 12-member national oil bargaining policy committee, Mr. Billie R. Dameron of Kansas City, said today that the committee did not intend to co-operate with the Administration's wage guidelines in its negotiations for a new contract for 60,000 of its members in the oil refining industry.

A union official at its Denver headquarters said subsequently that Mr. Dameron's remarks accurately reflected the view of the negotiating committee and of the union's president, Mr. A. F. Grospiron.

He added that union assessments of rank and file feelings on the current negotiations indicated that the membership was not ready to support the 7 per cent wage guideline in the Administration's pay policy.

The main problem for the oil workers is that they are seeking an improvement in fringe benefits under their contract.

Last week, the Carter Administration modified its wage guideline by excluding from the 7 per cent limit the cost of maintaining fringe benefits. This is seen as an attempt to meet the needs of the Teamster's Union whose master freight contract in the trucking industry expires in March. Some labour analysts estimate that the Teamsters will be able to get a first year contract increase of at least 12 per cent as a result of the easier rules.

But the oil workers are not seeking but to maintain benefits but increase fringe benefits which is not excluded from the 7 per cent limit.

The oil workers contract promises to be the first test case under the anti-inflation policy. Since no formal cash offer has yet been made, however, it is not clear whether the union will be able to find enough loopholes in the guidelines to reach a settlement with the oil companies.

The union spokesman said that the oil companies, which could face considerable pressure from the Administration for breaching the guidelines, seem determined to abide by the 7 per cent ceiling.

Lockheed counters PSA suit

Lockheed Corporation has said it filed a $15.5m countersuit against PSA which sued Lockheed on Friday for $99m over three L-1011 TriStar jets, reports Reuter from Burbank. Lockheed's suit, filed in the Superior Court accused PSA of breaching a 1972 contract to buy the planes. Lockheed said it incurred the $15.5m loss because PSA, parent of Pacific South-West Airlines, refused to accept the planes in 1975.

Dollar-yen loan for China

BY RICHARD C. HANSON

TOKYO—Nippon Steel Corporation (NSC), which is providing most of the Y400bn in equipment for the projected Shanghai steelworks, has agreed with China that half of the total value will be priced in yen and the rest in U.S. dollars to share the exchange risks involved in the project.

A final agreement on payments will be signed when the president of Nippon Steel, Mr. Eishiro Saito, visits China on December 23 to attend the ground-breaking ceremonies for the works. The chairman of NSC, Mr. Yoshihiro Inayama, will lead a high-level Japanese delegation to the signing.

The payments for the steel plant will be cash on delivery. NSC is providing 16 of the 25 equipment packages involved in constructing the 6m ton a year plant.

Press reports here say that Japanese commercial banks will present a plan to the Chinese offering interest rates on loans roughly equivalent to those granted to other international borrowers.

Nihon Keizai Shimbun said the banks will offer a 0.625 per cent point spread over Libor on dollar-denominated loans of five years and above. The Chinese will need considerable dollar loans in order to carry out the project.

Meanwhile, Nippon Steel said it has reached an agreement with its unions on a gradual reduction of its workforce and the mothballing of several rolling mills and furnaces.

The consent of the unions, though some problems remain to be worked out, will mean that NSC can go ahead with plans to reduce its ready capacity for steel production from a present 47m tons to 36m tons by 1980.

NSC currently is only producing about 32m tons of crude steel per year and projects that medium-term demand will require only 32 to 36m tons annually. It is reported that the total workforce will be reduced to about 70,000 from 76,000 by 1980, through retirements and cutbacks in hiring.

● *Coca Cola will begin selling* its soft drinks in China from early next year, chairman J. Paul Austin said, according to a report from Atlanta.

He said initially, bottled and canned soda would be imported for distribution in the major cities and tourist centres. At the same time, bottling operations will be established in the country, he said. Reuter

Trade figures dampen Irish EMS success

By Stewart Dalby

DUBLIN — On the heels of the announcement that Ireland would be joining the EMS because sufficient aid has been forthcoming to cushion the country's vulnerable balance of payments, some bad news has materialised in the form of the trade figures.

A continued surge in imports has meant the trade gap in imports over exports in November was £60.9m, almost three times more than in the preceding month. For the 12 months ending in November the total trade deficit had risen to £735m.

Although exports rose by 22.3 per cent in November which was a welcome improvement imports rose even more by 34.3 per cent. The problem is that as part of the Sterling area, Ireland has had hardly any monetary tools that it can use to dampen down imports. Early in the year, the Government attempted to divert the propensity to import with a Buy Irish campaign, but this has not worked.

The trade deficit of over £700m which is likely to emerge for the full year is a bad start to Ireland's membership of the EMS. Although the deficit should translate into a current account deficit of £300m after invisibles, this level is probably too large if value of the punt is to be maintained within the limits set by the Deutsche Mark.

Massey sales to Saudi

Massey-Ferguson has received a new order from Saudi Arabia for 500 farm tractors and 2,500 implements valued at £4.7m. Sales of the company's farm machinery to Saudi Arabia in 1978 amount to over £10.4m.

Japanese to increase TV production in U.S.

BY OUR TOKYO CORRESPONDENT

TOKYO — Matsushita Electric, the world's largest electric appliance maker, said today it will consolidate and increase its production of colour television sets and other appliances in the U.S. in a new subsidiary, to be called Matsushita Industrial, from January.

The reorganisation, prompted by difficulties in exporting to the U.S. caused by the higher value for the Yen and U.S. import curbs, will mean Matsushita will introduce U.S. production of Panasonic brand sets 17 inches and larger for the first time. Exports from Japan will be cut, but the company declined to say by how much.

Presently its subsidiary, Quasar Electronics, is making 25 inch sets in Illinois, with monthly capacity of 50,000 sets. Quasar will begin selling Panasonic products.

Matsushita plans to start production of electric ovens at the new subsidiary, which will also take over production of video projectors.

Other Japanese television makers have already announced their intention to shift part or all of their production for the U.S. market to the U.S. because of the stiff barriers now facing exports.

● Separately, Matsushita said it will establish a colour TV parts manufacturing company in Malaysia, with production scheduled to start in September 1979.

Multi-purpose ships talks

BY LYNTON McLAIN

THE ABC Containerline, registered in Belgium, has started talks with the local Cockerill Shipyard at Hoboken about plans to build the first of three £19m multi-purpose container, ro-ro, bulk cargo and refrigerated vessels for possible use on routes to China in the 1980s.

The first ship, if ordered, would be delivered at the end of 1980 for service "until the end of the century," Mr. Tsvi Vered Rosenfeld, the president of the company said in London yesterday.

Multi-purpose ships were essential to help combat the depression in the shipping market, he said. The vessels would be used on world markets, but the development of China as a large importer of foreign produce and equipment would make it a particularly attractive market.

£8m contract for Dowty

By Hazel Duffy, Industrial Correspondent

THE DOWTY engineering group announced a package deal yesterday under which it will establish a complete factory in China for the manufacture of hydraulic spares equipment for mine roof supports.

The agreement, which is valued at £8m, follows the recent £70m contract signed between Dowty and the China National Technical Import Corporation for the supply of longwall mining equipment.

U.S. PONDERS VAT INTRODUCTION

How to spur exports and pay for social security

BY DAVID BUCHAN IN WASHINGTON

"THIS IS one export I wish you'd keep to yourselves" was the reaction of one Capitol Hill hand asked about moves in Congress to introduce a form of Europe's Value Added Tax into the U.S. So major a switch of tax policy, with the attendant nightmare that it will swamp the American businessman in paper work, would almost certainly need the Carter administration's backing, and that has not been forthcoming.

But with Congress's two chief tax writers, Senator Long and Representative Al Ullman, recently asking their joint committee on taxation to prepare a Bill on VAT to be discussed in both Houses next session, it cannot be taken lightly. A joint request of this kind from the chairmen of the Senate finance committee and the House ways and means committee is rare.

Both men have mooted the benefits of VAT before, and the Nixon administration flirted with the idea of using it to spur U.S. exports. But previous bids have foundered on liberal opposition to the introduction of a "regressive" consumption tax like VAT: poor people would pay a larger slice of their income in VAT than the rich.

The new impetus for a fresh look at VAT is the parlous state of the social security system, from which Americans get their pensions and disability allowances. For a variety of reasons—among them, demographic trends towards proportionately fewer people working and more retiring, social security payments have threatened to outstrip their sole source of finance, the payroll tax receipts.

Only by agreeing to steep, and unpopular, payroll tax increases, has Congress kept the system solvent. The present 6.13 per cent tax rate, on both employer and employee, is to rise to 6.65 per cent by 1983 and to 7.65 per cent by 1990, while next month the base on which it is levied is to be sharply increased.

The matter is of more than academic interest to foreigners, because of recent U.S. moves to collect social security payments from nationals working in the U.S. of countries with which the U.S. does not have bilateral agreements. Britain is one such country.

Neither Congress nor the Administration wants to dip into the general tax revenue kitty to finance social security. Breaking the restraint inherent in the system's link with a specific tax like the payroll tax, so it is perhaps implausibly but nonetheless strongly argued, would unleash a wave of irresponsible welfare spending. So the search is on for alternative and less unpopular money raisers. VAT is at the top of the list.

The U.S. Congress in its next session will discuss a Bill proposing the introduction of a form of Value Added Tax along European lines. The idea's critics point out that a consumption tax like VAT would hit the poor harder than the wealthy, and would bring U.S. businessmen a mountain of paperwork. Its supporters argue that VAT would be a useful alternative to the unpopular payroll tax, could give exports an extra competitive edge and could reform the way social security payments are financed.

VAT's small band of enthusiasts in America says that, concealed in the sale price of goods and services, the tax would be more acceptable to the public than the payroll tax. By taxing consumption, it would increase investment, and by replacing at least partially the payroll tax, it would encourage employers to take on more workers.

It could also, they say, give U.S. exports a price edge that they do not have now. Indirect taxes like VAT, under the GATT trade rules may be rebated on exports, while levied on imports—exactly as the European Community does now. This cannot be done with a direct tax like the U.S. payroll tax.

American exporters, and their lobbies like the U.S. Chamber of Commerce and the National Association of Manufacturers, have pushed for VAT as an alternative to the payroll tax for this reason. On the other hand, their clamour for VAT was noticeably louder in the pre-1971 days of fixed exchange rates, and their present tax gripe centres much more on the Administration's threat to discontinue the corporate tax break it gives foreign earnings.

Mr. Ullman thinks the U.S. should have "a uniform, low level tax along the lines of what is used in Michigan." But the portents from that state, the only one in the Union to have something resembling a VAT, are inconclusive. State tax officials describe the Michigan corporate tax as "a bastardised VAT," in that since it was introduced in 1976 numerous exemptions and adjustments have had to be made for specific industries and sectors.

It is also calculated in a different and apparently simpler way than the EEC version of VAT. Instead of being calculated at each stage through which goods or services pass, Michigan businessmen tot up at the end of a year their profits, wages, interest, depreciation and so on, subtract items like capital investment, and pay the tax on the difference.

Certainly, Michigan has found its value added business tax an easy revenue-raiser. At a rate of only 2.35 per cent and in spite of many exemptions, it brought $900m into the state coffers this past year. This makes the prevailing estimate that a national VAT, levied in all 50 states, would bring in $12bn for each percentage point of VAT look somewhat conservative. Senator Long has suggested a national VAT rate of 10 per cent.

China deal with Coca-Cola

By Our Own Correspondent

NEW YORK — Relations between the U.S. and Communist China have been truly normalised: Coca-Cola is to go on sale in Peking and other major cities from next month.

The Coca-Cola company announced yesterday that it had signed an agreement with a Chinese Government agency which gives it exclusive rights to sell Cola in China for an indefinite period. The timing, right after the announcement of diplomatic relations, is apparently coincidental. Coca-Cola has been negotiating with China for 10 years.

undertones. When the Russians finally succumbed to Western ways eight years ago, they invited in Pepsi Cola, which now has some 10 plants in the Soviet Union.

The choice of Coca-Cola by the Chinese has ideological

U.S. COMPANY NEWS

Chrysler to raise $231.5m; fourth quarter loss at Firestone Tire; European-American Bank president resigns—Page 24.

LATIN AMERICAN TRADE

Colombian coal becomes viable

BY OUR OWN CORRESPONDENT IN BOGOTA

COLOMBIA HAS some of the largest and finest quality coal reserves in Latin America, but the viability of large scale projects designed to supply local and export markets depends on Government action in two crucial areas—pricing policy and the provision of transport facilities.

With oil reserves dwindling and the country's import bill for crude and petrol increasing rapidly, the Government plans to use coal as widely as possible, especially in power stations and the cement industry. Coal provides about a quarter of the fuel used by thermal power stations, and that share should rise to over half after 1985.

But substitution can go ahead only if President Julio Cesar Turbay's administration makes some drastic changes to the price structure of fuels. Apparently, it is prepared to do so, to ensure that coal is relatively attractive compared with natural gas and other hydrocarbons. In the longer term, there is great interest in the liquefaction of coal once this process becomes more viable.

Coal production has expanded from 2.6m tonnes in 1960 to about 4m tonnes in 1978, but methods remain antiquated and inefficient. In an accident last year 86 miners were killed. Small producers work in appalling conditions for very low wages.

Exports—mainly to Brazil, Venezuela, Peru, Ecuador and the Netherlands — account for less than 200,000 tons a year. Although large scale projects near the coast and in the centre of the country are rumbling slowly ahead, estimates of Colombia's total coal reserves are still of the haziest. Official sources put them somewhere between 3bn tons and 67bn tons, with 40bn tons as the figure quoted most frequently. The biggest known steam coal deposits are at El Cerrejon near the coast of the Guajira, and San Luis in the Department of Santander. Most of the best coking coal is found north of Bogota, in Cundinamarca and Boyaca. There are also extensive coal deposits in areas near Medellin and Cali, and in North Santander.

Piecemeal studies are gradually filling in some of the unknowns, but there is no realistic overall picture, Senor Hernan Garces, head of the Colombian coal company Carbocol says a study to define coal reserves should have priority. "We must find out how much coal we have before embarking on large scale exploitation."

"We are trying to make a systematic study, co-ordinating all the work being done in different areas. Then we can fill in the holes by making new agreements where necessary, and doing our own exploration," he says.

Carbocol was created two years ago to develop the coal industry. Its chief shareholders are the State oil corporation, the Industrial Development Institute (which had previously been in charge of the coastal Cerrejon project) and the Geological Research Institute.

The company's first burst of activity lifted Colombia's coal prospects out of the doldrums, and an association contract for the exploration and exploitation of the northern Cerrejon deposits was signed with Intercor, an Exxon subsidiary.

It is investing around $5m in economic studies and detailed exploration covering an area of 38,000 hectares, with a view to producing as much as 5m tons of coal a year for export. Carbocol and Intercor are to share the financial responsibility for development, which means the State company will have to invest at least $500m in this project during the early 1980s—a consideration which has the attracted the interest of British, as well as other, companies.

The central area of Cerrejon, which was studied by Peabody between 1972 and 1976 has been taken over by Carbocol itself and is to be exploited by a smaller scale, initially at least.

West End guarded by 2,000 policemen

BY LISA WOOD

SCOTLAND YARD has drafted more than 2,000 uniformed policemen into the West End of London to stop bomb attacks on major stores during the Christmas shopping period.

The men, drafted from all over London, have been briefed "to stop suspects entering or leaving vulnerable areas."

All police leave in London has been cancelled, and a 12-hour day is being worked until further notice.

Scotland Yard said: "Crime prevention officers throughout London are visiting all stores to discuss preventative security measures with security staff and to advise on evacuation procedures in the event of bomb alerts."

There was a joint police-military exercise yesterday at Heathrow Airport, which has been on a security red alert since the terrorist bombs exploded in London on Monday morning. More than 60 troops, wearing battle dress and carrying automatic rifles, were on duty with Scorpion tanks, Saracen armoured tanks and personnel carriers.

Two Scorpion tanks patrolled the central passenger area and soldiers guarded car parks next to the terminals—key areas for terrorist bombs.

Severn Bridge work finished ahead of time

By Robin Reeves, Welsh Correspondent

THE LATEST round of repairs to the Severn Bridge has been completed a week ahead of schedule, allowing traffic lane restrictions in force since October to be removed in time for the Christmas holiday.

The restrictions were introduced amid criticism, to allow repair and replacement of the bridge's expansion joints—which had been free of trouble for only four months.

Since the bridge—which carries the M4 Motorway across the Severn Estuary into South Wales—was opened in 1966, over £2m has been spent on repairing and strengthening its basic structure.

The Wales CBI has recently joined the call for tolls to be suspended while repairs, which disrupt traffic, are being undertaken.

In a letter to Mr. William Rodgers, the Secretary of State for Transport, the CBI says that an average of 8,000 commercial vehicles use the bridge each day and, unless more is done to minimise disruption, it could damage efforts to attract new industry to South Wales.

The CBI also suggests that essential repairs should be carried out round the clock, seven days a week.

BP Oil drops 5-star petrol

BP OIL and National Benzole are to stop selling five-star petrol at the end of next March.

The reason for the move is lack of demand. BP Oil said yesterday that demand had been declining ever since 1974 when UK production of motor vehicle engines requiring five-star petrol ceased.

National Benzole, part of the British Petroleum group, said five-star accounted for only 2 per cent of its total petrol sales. BP Oil said five-star accounted for less than 1 per cent of its petrol sales.

Autumn sales rise 40.7% at Christie's

THE LONDON fine are salerooms continue to boom. The autumn season has seen a 40.7 per cent sales increase for Christie's, 38 per cent for Sotheby's, and 19 per cent for Phillips on the equivalent months of 1977. Sotheby's managed sales totalling £71,750,000 since September and Christie's £42,185,000. Phillips totalled £27,462,907 for the year.

The main gains for Sotheby's were in the UK rather than in the U.S. The salerooms in

SALEROOM

BY ANTONY THORNCROFT

London, Torquay and the Scottish auctions achieved a 58 per cent gain compared with only a 13.9 per cent improvement in North America. Christie's sales in London rose £4m to £20.3m, although overseas auctions improved from £13.2m to £20.7m.

Phillips' plans 1,000 auctions for 1979, and as usual asked its specialists what they considered to be the best bets in the saleroom as a hedge against inflation next year. The favourite choice was good quality furniture, followed by jewellery and other small portables, such as stamps, coins, gold and silver boxes, miniatures, watches and small silver.

Fewer killed at work last year

BY PAUL TAYLOR

FEWER PEOPLE were killed in workplace accidents last year compared with 1976 in spite of a slight increase in the number of notified accidents. About 16m working days were lost as a result of workplace accidents, representing a loss of about £1.8bn a year to British industry.

The accident statistics are contained in the annual report of the Health and Safety Commission and Executive published yesterday.

The annual number of fatal accidents at work has fallen steadily from 834 in 1973 to 621 last year. But while the report shows that the number of notified accidents in construction and coal mining fell slightly last year, the number in manufacturing industry grew and the total number of workplace accidents increased from 327,000 in 1976 to 329,000.

The increase in workplace accidents, the first recorded since 1973, may represent an increase in notification. Mr. Bill Simpson, chairman of the Health and Safety Commission, said that, while the increase was "not significant," the reduction in deaths "did not give room for complacency."

Committees

The report emphasises two main themes of the commission's work: Preventing risks rather than finding remedies after the event, and an increased awareness of the need to protect the public, as well as worker's, from workplace hazards.

In a review of the commission's work up to March 31, this year, the report draws attention to the introduction of workplace safety representatives and safety committees. This was "a major milestone" on the road to increased collaboration between employers and employees in improving health and safety at work.

The report also details the commission's revised five-year plan of work for 1978-83, consisting of nearly 200 projects including the preparation of regulations on transporting dangerous substances, and research on a variety of subjects. The commission also draws attention to its campaign to change the law so that legal sanctions can be applied to Crown bodies.

Mr. Simpson said yesterday that he had written to Government Ministers requesting a further meeting to discuss progress towards removing Crown immunity, which the commission considers is an unjustified anomaly.

In the Health and Safety Executive report, Mr. John Locke, director-general, chose the need for better information as his dominant theme.

His report discloses that, in the last year, £8.6m was spent on research, although an increasing tendency is for the executive to undertake work in conjunction with other bodies, and to attempt to persuade industry to finance much of its own safety research.

Commenting on the general low level of fines imposed by courts for offences under the Health and Safety at Work Act, 1974, Mr. Locke said he hoped the increase in maximum fines under the Criminal Law Act would result in higher fines so as to "not devalue" the work of those concerned with occupational hazards.

Mr. Simpson said he hoped a preliminary working party report on fast breeder nuclear reactors would be before the commission "during the first half of 1979."

Net expenditure by the Health and Safety Commission and the Executive was £42.27m for the year ending March 31, an increase of £4.6m over the previous year.

German chief visits Aveling-Barford

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

HERR HORST-DIETER ESCH, head of the German IBH construction equipment group, will be discussing the possibility of collaboration on marketing when he visits Aveling-Barford's Grantham factory tomorrow.

The visit was arranged before the announcement by BL Special Products that the activities of Aveling-Barford, and Prestcold, are to be reviewed. Since it was made known publicly that the future of these two companies is under review, there have been several inquiries from British and foreign-owned companies in the industry, but no bids have yet been received.

The review, which will be completed early in the New Year, is considering a number of options, one of which is the sale of the companies. The recommendations of the review body, which includes senior management of Aveling-Barford, BL Special Products, and BL, are then expected to be considered by the National Enterprise Board.

The possibility of collaboration with other companies in marketing and manufacturing has been considered by Aveling-Barford for some time, and it may well be that such an arrangement would be more acceptable to the NEB than an outright sale. Prestcold already has a collaboration agreement with a German company.

An arrangement with IBH could be viewed as an interesting prospect as its products are largely complementary to those produced by Aveling-Barford. The IBH group has expanded quickly in Europe under the direction of Herr Esch, who was formerly head of Blackwood Hodge's Continental operations.

ome 75 per cent of Aveling-Barford's production is exported, and the group has been particularly hard hit by the competitive edge afforded to American manufacturers by the weak dollar. After making a profit last year, it is expected to lose about £3m in this year.

Move to ease pension transfers in mergers

NEW REGULATIONS to ease the transfer of employers' pension scheme obligations when companies are taken over or merged were laid before Parliament yesterday.

The regulations allow employers in some circumstances to vary contracting-out certificates issued under the state's new earnings-related pension arrangements wi thout having to give notice and without the need to consult trade unions. Similar flexibility will also be given in some cases to employers who want to take out contracting-out certificates or surrender them.

The Department of Health and Social Security said that the notice and consultation procedures may be dropped for employees who continue to be in contracted-out employment through the same occupational pension schemes, without any change to the benefits they require in those schemes.

CONTRACTS

Granada wins £300,000 hotel TV deal

GRANADA TV RENTAL has won a five-year contract worth over £300,000 to provide 1,070 colour TVs to Western Europe's largest hotel—the Regent Palace, Piccadilly, London.

*

UBM WINDOWS TELFORD, part of the UBM group has received orders for the company's 2000 series of pre-glazed aluminium windows complete with fly screens, worth more than £400,000. This includes housing at the Aqaba Port development in Jordan for Tarmac Shahin, housing at the Riyadh water treatment plant for Ogen Overseas and a housing complex in Qatar for UK-based McInerney Contractors.

*

J. CARTWRIGHT CONSTRUCTION has been awarded £3m of new contract works in Yorkshire. The largest is a £700,000 order for a modernisation and conversion programme at Swainhouse Estate, Bradford.

EDRIC AUDIO VISUAL has been awarded a £50,000 contract to re-equip the sales team of Encyclopedia Britannica with 210 Audiscans cassette-operated portable projectors.

*

A £600,000 contract for the installation of all mechanical and electrical services at Chatsworth House, St. Mary Axe, City of London, has been secured by HADEN YOUNG. The mechanical services include all air conditioning and plumbing, while the electrical services cover underfloor trunking, mains distribution and all lighting.

*

VICKERS MEDICAL has secured £300,000 worth of orders for its SP 120 computer-controlled system for blood sample analysis. Seven orders were won from UK hospitals in six weeks during a campaign to promote the benefits of the system to establishments with a high throughput of blood samples.

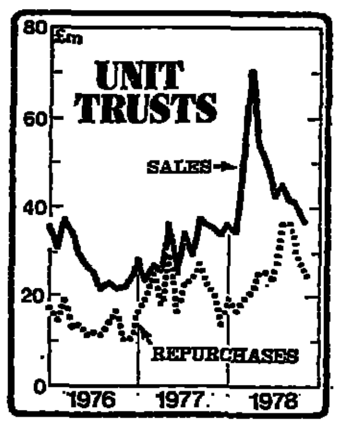
Unit trust sales up to £525m

BY EAMONN FINGLETON

UNIT TRUST sales are expected to exceed £525m comfortably this year—an improvement of more than one-fifth on the previous best year, 1972.

Forecasts of the spectacular 1978 sales total were made by industry observers yesterday despite news that sales in November were a slightly disappointing £36.4m. This was the lowest figure since February. But thanks to extremely heavy sales in the spring and summer it brings the total for the first 11 months of this year to £500m.

With sales of at least £25m and probably £30m expected for this month, the total for the year is expected to be more



than £150m above last year's £372m. The previous record yearly sales total was 1972's £436m.

The industry's repurchases from investors cashing in their unit holdings totalled £24m—a fall of more than £6m on October. This left net new investment of £12.4m—an improvement of £1m on October and the best figure since July.

Mr. Edgar Palamountain, chairman of the Unit Trust Association, said: "Sales in November were lower than in the immediately preceding months and this probably reflects the public's boredom with the stock market's recent inactivity. The low level of repurchases is encouraging after the high figures in September and October and it comes at a time when repurchases would be expected to be high for seasonal reasons.

"The overall picture for the year is very good and indicates that the public has fully recovered its confidence in shares as a savings medium."

Electricity prices switch

By Maurice Samuelson

ABOUT HALF the 12 Electricity Boards in England and Wales have said that from next year they will stop the quarterly price increases caused by the 1974 energy crisis. The others are expected to follow after talks with consultative councils, which represent consumer interests.

The change, due to take place on January 1, follows the Electricity Council recommendation that the fuel cost adjustment to quarterly bills be consolidated into basic electricity tariffs. It is hoped to revert to the earlier practice of reviewing prices annually.

The Southern Electricity Consumer Council said yesterday that it had backed the change by a small majority. The Eastern Board's council approved of the change because it did not wish to be "the odd man out," an official said.

From January 1, domestic bills will show the price of each unit inclusive of all fuel costs. There will be no change in the total price of each unit. Fuel cost adjustment will be added to the unit charge and shown as one figure.

Degree of risk weighed for fund managers

A NEW computerised service for fund managers was launched in London yesterday by stockbrokers Rowe Rudd and Co. It is designed to measure the degree of risk in investment portfolios.

Clients will be provided with a computer terminal from which they can assess a database containing information on some 1,500 UK quoted companies. Based on an analysis of the price of individual shares over five years, the objective is to produce a mathematical survey of the risk characteristics of particular shares and portfolios.

In essence, the service measures the tendency of a particular share price to exaggerate the overall movement of the stock market. Rowe Rudd claims that it will help the fund manager to choose a portfolio with the risk profile most suited to his needs.

It will also help him to measure the past performance of a fund not simply against market indices but by reference to the degree of risk taken in the relevant period.

BRITISH AND U.S. COMPANIES JOIN FORCES

Opening world market for reactors

BY DAVID FISHLOCK AND JOHN LLOYD

THE LINK being forged between Northern Engineering Industries and Rolls-Royce with Combustion Engineering of the U.S. is presented as a mutual opening of markets.

Northern Engineering and Rolls-Royce will be in a favoured position for subsidiary work on U.S. contracts, while the two UK companies will help to open up world markets for Combustion Engineering's pressurised water reactors (PWRs).

At this early stage, both remain highly speculative. Combustion Engineering is the principal U.S. supplier of 1300 MW nuclear steam supply systems, with seven installed and working — apparently successfully — 24 more on order and a strong chance of two further orders from the Tennessee Valley Authority in the middle of next year.

There is about £4.5m worth of subsidiary components, which are routinely contracted out to suppliers for each supply system, for which Northern Engineering and Rolls-Royce could bid, and if the joint company is to win contracts which take in the nuclear island as well, there will be about £22m worth of subsidiary work.

On the other side of the coin, the U.S. company hopes first, that a link with two large UK manufacturers will give it an entry into the UK market for PWRs—which might be large in the future, but at present is limited to the prospect of one in the 1980s—and second, that the overseas expertise of Northern Engineering and Rolls-Royce will secure export orders, some of them hopefully turnkey contracts, which Combustion Engineering could not secure alone.

While it is strong in coal-fired capacity overseas, it has sold no nuclear systems abroad, and tends generally to operate through licensees rather than direct.

Experience

Rolls-Royce has been planning for the past 18 months to break into the civil nuclear power market with its experience of submarine reactors. In 1959 it was chosen by the Ministry of Defence to lead a consortium called Rolls-Royce and Associates, currently comprising 54 per cent Rolls-Royce with the balance shared equally between Babcock and Wilcox, Foster Wheeler and Vickers.

It has supplied the Navy with 16 pressurised water reactors under a Westinghouse licence, and is building three more, including the only land-based PRW under construction in the UK—a new test and training reactor at Dounreay in Scotland.

For the past nine months, says Mr. Ray Whitfield, the Rolls-Royce director responsible for future planning, it has been in discussions with the American company..

This is in spite of a discouraging message from Mr. Anthony Wedgwood Benn, Secretary for Energy, when Mr. Whitfield and his chairman Sir Kenneth Keith took their initial ideas to the minister a year ago. At that time the minister was generally hostile to any idea that Britain might build PWR power plants, and specifically hostile to the Westinghouse system.

The climate changed early this year, however, when with evident reluctance Mr. Wedgwood Benn was persuaded by the combined weight of the electricity supply industry, the nuclear industry and his cabinet colleagues to capitulate to the arguement that Britain should build one large PWR station in order to see how the experience compared with building more UK-designed advanced gas-cooled reactors.

The Combustion Engineering System 80 reactor—a so-called "second generation" PWR—is one of four designs the electricity supply industry has been evaluating this year, with a view to choosing, any week now, the design it believes best suits its own and the nuclear inspector's requirements.

For Rolls-Royce one attraction is that Combustion Engineering although having sold fewer reactors than Westinghouse (the brand leader), has suffered far fewer technical troubles with those it has hold. In any case, the company is a major supplier of pressure vessels to its rival vendor.

Northern Engineering—which already had a link with Combustion Engineering through the latter's 12.5 per cent stake in it through International Combustion, giving it access to the U.S. company's technology—will benefit most from any possible contracts from the work already in hand by Combustion Engineering.

It manufactures switchgear, control panels, instruments, instrumentation and valves (as does Rolls-Royce), pumps, compressors, fans, motors and hydrogen recombiners, all of which its new partner might view with favour, if the price were right.

The company does not expect any deterioration of its relationship with the National Nuclear Corporation, which has told it that it is the favoured supplier for the boilers for the two forthcoming advanced gas-cooled reactor (AGR) stations at Heysham and Torness.

In the UK market, much hangs upon the attitude of the Central Electricity Generating Board. While it had been assumed that Westinghouse was the most favoured supplier because the nuclear corporation is a licensee, executives from Combustion Engineering, Northern Engineering and Rolls-Royce yesterday stressed that their joint venture must dictate a change in generating board priorities. The V.G. company will make a further major presentation to the board in March, and is confident that it is impressing. The board remains non-committal.

However, other UK power plant manufacturers — the General Electric Company and Babcock and Wilcox are unlikely to conceal their displeasure. Indications yesterday were that the creation of the new venture was being regarded as an unwelcome intrusion into an already confused and underworked industry.

Rolls-Royce engines have record year

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE has had a record sales year, with deals signed in 1978, for aero-engines worth more than £2bn.

Sir Kenneth Keith, chairman, said yesterday that "provided we continue to remain competitive on costs and delivery times, and continue to sustain further developments of our product range, our long-term commercial viability is assured."

Among the main sales are the British Airways and Eastern Air Lines (U.S.) orders for the new Boeing 757 twin-jet airliner with the Rolls-Royce RB-211 engine in its new Dash 535 version, worth over £300m, and the Pan American order for Lockheed TriStars, worth £250m.

Other big developments have included the signing of contracts for the manufacture of Spey engines in Romania, Adour military engines in India and Gem helicopter engines in Egypt, which collectively are likely eventually to be worth more than £350m.

Exports of aero-engines for 1978 are likely to be well over the 1977 level of £318m, which represented 45 per cent of sales in that year.

Sir Kenneth said yesterday that the company needed to succeed with all its engine programmes, "but the RB-211 family is really the key to the future success of Rolls-Royce.

"It has now clearly established itself as a major power-plant in civil aviation, giving us the chance to match and beat the only other two major engine makers in the world—both of which are American (General Electric and Pratt and Whitney).

"Together with our other engine programmes, the RB-211 family will provide Rolls-Royce with the means to penetrate further into the aviation market and acquire a significantly large share of the new business which will be generated in the 1980s.

"I believe Rolls-Royce now has the resources and the will to compete aggressively and successfully anywhere in the world."

Sir Kenneth also stressed the need for the UK to agree to sell Harrier jump-jet fighters to China, if China was to be encouraged to make other trade deals with the UK.

A Chinese technical and trade mission has been touring the UK aerospace industry, during the past week, discussing a wide range of possible purchases of aircraft and equipment, both military and civil.

But it has been made clear by the Chinese that the key to future deals remains the UK Government agreement to selling the Harrier to China in quantity—which is believed to mean several hundred aircraft.

Kirkby co-operative plans new claim

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE loss-making Kirkby Manufacturing and Engineering workers' co-operative on Merseyside is likely to stay in business for at least another month, despite its losses which have been running at about £20,000 a week.

Tonight the co-operative shuts for the Christmas holiday and will remain closed for nearly two weeks until January 2.

During that time the co-operative's leaders will send further details of their claim for fresh Government aid to Mr. Alan Williams, Minister of State for Industry.

Although the exact amount of their claim is not clear, it is unlikely to be less than £3m on top of £5.6m aid they have received since the co-operative was set up four years ago.

Their plans include reducing the 720-strong labour force and expanding and modernising the production of central heating radiators. This is in line with ideas put forward last month by Worcester Engineering, a small central heating equipment manufacturers that was then negotiating to take them over.

They have also drawn on a report prepared earlier in the year by PA Management Consultants and have contacted a waste materials processing company that might be interested in using part of the one-third of the Kirkby factory that now stands empty.

But so far there seems little political interest among Ministers in giving them further aid, although there is considerable pressure from Left-wing Labour MPs for the co-operative to be kept alive.

Once Industry Department civil servants have processed the new application for aid after the Christmas holiday, it will be sent to the department's independent Industrial Development Advisory Board for vetting. In the past the board has advised against most of the co-operative's applications for aid and was only prepared to approve the Worcester application, which would have meant the co-operative returning to the private sector, with some reservations.

Meanwhile, the co-operative seems likely to be able to manage financially for some weeks before its major creditors start pressing for payment of outstanding debts.

Lord Grade announces TV and film projects

BY ARTHUR SANDLES

LORD GRADE, chairman of Associated Communications, yesterday announced a wide range of projects for the group.

He also attacked the Government's tax policies. He could not sign such UK stars as Michael Caine or Michael York to work on films in Britain because of the tax complications.

He said: "We are losing all our talent in this country," and added that he would be speaking in the Lords for the first time early next year on the exodus of British high income earners from the UK.

In the coming year, ACC, the former Associated Television Corporation, would be making a film of the TV series Porridge, an American version of Crossroads, and a TV series on the life of Nelson.

Lord Grade also spoke of his current crop of feature films. "There are not 15 pictures a year in America which take more than $10m a year in film rentals. We are fortunate. We have learned our lesson, and have three pictures which have already taken, or will take considerably in excess of $10m.

The films concerned were Boys from Brazil, Capricorn One and Movie Movie. He believed that the new Muppet film "will be our Star Wars."

Lord Grade also hinted that ACC would be interested in acquiring cinemas if the opportunity arose.

EDUCATIONAL

PUBLIC NOTICES

CITY OF WESTMINSTER

London Borough Bills amounting to £109 million were issued on 19 December, 1978, for maturity on 20 March, 1979. Applications totalled £510½ million. The minimum price of accepted tenders was 97.065 and 11.93% of the issue was allotted at this price. The average rate of discount was 11.741894%. No other Bills are outstanding.

NORTH BEDFORDSHIRE BOROUGH COUNCIL

£650,000 Bills, issued 20.12.78, at a rate of 1113/16%, to mature 21.3.79. Total applications £2.6m. Total outstanding £650,000.

NOTICE OF CORRECTION

NOTICE OF REDEMPTION

ADELA INVESTMENT COMPANY S.A.

US Dollars 25,000,000 Floating Rate Notes Due 1983

US Dollars 1,000 Notes to be redeemed

In the notice published in the Financial Times 11 December, 1978, the following numbers were incorrectly published:

15948	15983	6269	1858	20788	13528

The correct numbers are:

14958	14983	6299	18580	20798	23526

Bank of America New York (Principal Paying Agent)

UK NEWS

Tories give pledge to back EEC

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A PLEDGE that the next Conservative Government will work wholeheartedly for the success of the EEC and will try to get the Community working more effectively, was given yesterday by Mr. Francis Pym, Tory spokesman on foreign affairs.

In his first major speech on Europe since taking over his new post, Mr. Pym was obviously trying to lay the groundwork for the Conservative campaign in the elections to the European Assembly, which are only six months away.

He strongly emphasised the distinction between the European policies of the Tories and those of the Labour Party where the Left-wing and anti-Market elements are still urging Britain's withdrawal from the Community.

"Why have we allowed Europe to get a bad name in Britain?" he asked. "Europe has not failed us—we have failed to make the best of membership."

There was no question of the Conservatives wanting to weaken the Community, he told a meeting of the Diplomatic and Commonwealth Writers' Association in London. Labour's policies and the failure to join the new European Monetary System had left Britain in dangerous isolation.

"Withdrawal is no option now and never has been," he said. "The arguments for staying in are stronger than ever."

Although he made it clear that a Conservative Government would press for sensible reform of Community institutions, he skirted round any specific references to the policies it would adopt towards the Common Agricultural and Fisheries policies—the two central areas of disagreement between Britain and her partners.

A Conservative administration would show its faith in the Community's objectives but would not be negligent in looking after Britain's interests. We all had an interest in making British agriculture more efficient and Europe more self-sufficient in basic foodstuffs.

The Community had an interest in overall conservation of fish stocks, but also in preserving the livelihood of the national communities which were dependent on fishing.

In the direct elections, he maintained, Labour was hell-bent on selecting only those candidates who were against the European idea. The Conservatives, however, would concentrate on the "real issues."

They would attack Labour's record on Europe and would talk about what could be done at Community level for better protection of jobs, a less muddled approach towards ailing industries, a clearer European voice internationally and higher living standards.

They wanted the Community to concentrate on measures that could be attained practically and effectively. Too little had been done to achieve the good things of Europe such as more freedom of movement, easier Customs controls, positive political co-operation on terrorism and firmer action on oil pollution.

The Tories saw the European Parliament as playing a complementary role to Westminster, scrutinising Community business and developing as a powerful influence on international matters and being a forum for debate on EEC foreign policy.

Labour gets down to its manifesto

● NEWS ANALYSIS—LABOUR'S ELECTION PLATFORM

BY ELINOR GOODMAN

TODAY, as other people begin to get down to the serious business of celebrating Christmas, representatives of the Cabinet and the Labour Party's national executive committee will assemble for a meeting where seasonal goodwill could be in short supply. The subject is the party's next election manifesto and on the table will be a 62-page document which must come under the category of Christmas presents the Prime Minister would least like to receive.

Drawn up largely by Mr. Geoff Bish, the party's research secretary, for the home policy committee chaired by Mr. Anthony Wedgwood Benn, it contains almost every policy decision made by the NEC during the past few years and ignored by the Cabinet.

Stronger price controls, back-up powers to force companies into planning agreements, the creation of a State Bank and the abolition of the House of Lords—they are all there.

None of them has been costed but they represent the fundamental tenets of belief to those Left-wingers who feel that the Government has lost its socialist principles in office and that it needs to be pushed back on to the road to true socialism.

A manifesto is of far more significance in the Labour Party than in the Conservative Party, where it is, essentially, a personal pledge by the leader of the party.

To the Labour Left it represents the tablets of stone on which the party pledges its conscience to the electorate. They regard it as a full programme of action for a Labour Government, and hound Ministers if they fail to follow it.

As the last four years have shown, governments do not always observe the spirit of a manifesto with any enthusiasm but they are conscious of the need to be seen to fulfil commitments in it—at least to some limited degree. Ministers are also aware that, even if the voters do not read manifestos, such documents can provide powerful ammunition for the Opposition. Manifestos, they feel, can lose votes, and, if for no other reason, must be carefully drawn up.

The birth of the manifesto is therefore always a painful process with the different factions within the party pulling in different directions.

Gesture

As yet, the document produced for Mr. Benn's committee has no official status within the NEC. Thoroughly leaked to the Press, it is, in the words of one Left-winger, "Mr. Benn's way of raising two fingers to the Prime Minister and signalling the ground on which the battle of raising two fingers to the of the manifesto will be bought."

According to the blurb, it has been prepared as a basis for discussion for the NEC's submission to the policy meeting, which has to take place before an election, between the NEC and the Cabinet.

Though some Left-wingers think these proposals too feeble, they are regarded with alarm by some Ministers who reckon they would make it even more difficult for the party to secure re-election. In parts the proposals run directly counter to Government policy, as, for example, when opposing a rise in indirect taxation.

In other places the document suggests things which research in the past has shown to be unpopular with voters, such as more Government interference in the financial institutions.

For all the publicity it has already received, the document is a very long way from becoming the official manifesto. And even the Left, who see their job as ensuring that conference decisions are enacted by a Labour Government, admit it is highly unlikely that the present document would be adopted in anything like its entirety.

The Prime Minister, they concede, has a very strong hand when it comes to finalising the manifesto. They are convinced, however, that Mr. Callaghan will have to agree to some of their proposals, particularly those also supported by the TUC.

They argue, for example, that he will have to concede nationalisation of at least one major industry.

The next stage in the negotiations comes this morning, when the policy sub-committee's proposals go before a full meeting of the NEC. Right-wing members of the Executive, like Mrs. Shirley Williams, are likely to put up a strong fight.

But the Left dominates this all-important committee, so many of the proposals could be approved and so take a step nearer becoming the NEC's official contribution for the full manifesto meeting with the Cabinet.

In the afternoon the document will be discussed at the joint meeting of Cabinet and NEC. The meeting, which is a slimmed-down version of the full NEC-Cabinet meeting necessary to approve a manifesto, was called by Mr. Callaghan.

Clash

His idea seemed to be to defuse any plans Mr. Benn might have for getting his own version of the manifesto agreed as quickly as possible.

Both sides agree—albeit for different tactical reasons—that no final decision will be taken at today's meeting, which will no doubt show a very large gap between the sides.

Mr. Callaghan will not attend, but other Ministers are expected to argue on his behalf that the proposals as drafted would be an electoral albatross for the Party and should not even be regarded as a basis for negotiations.

Mr. Benn, however, will be equally determined to retain the initiative. For 18 months he has been trying to bring forward the whole process of agreeing a manifesto and so avoid the normal situation of the final version not being agreed until the election date has actually been announced.

Reticent

Though the policy advisers in No. 10 presumably have a fairly clear idea of what they would like to see in the manifesto, the centrists in the party have been reticent about making their ideas publicly, arguing that it is too soon to make such pronouncements. Their aim now will probably be to kill off the home policy committee's proposals in their entirety and replace them with others agreed by a broader spectrum of opinion. One strategy would be for the moderates themselves to ask for a full clause 5 meeting.

They argue that, with the Prime Minister on their side, they are in a strong position to get rid of the more extreme proposals favoured by Mr. Benn's committee. Even so, given Mr. Callaghan's problems both with the trade unions and his own backbenchers over pay, it seems likely that the Prime Minister will have to make some concessions to the Left before the manifesto is agreed.

Bank of England takes over licensing money-brokers

BY DAVID FREUD

THE BANK of England has agreed to take responsibility for licensing money-brokers.

The announcement, by the EEC Commission, comes after 16 months of controversy started by a money-brokers complaint that the London market was a closed shop. Unofficial details of the compromise between the Bank and the Commission emerged last month.

Sarabex, a money-broker with Middle Eastern connections, complained to the Commission last year that the London foreign exchange market was effectively a cartel, forbidden under EEC law unless State-backed.

The announcement means that the market is allowed to operate more or less unchanged, but the Bank's involvement has become more explicit, to provide the necessary State backing.

Furthermore, the existing fixed broking rates have been abandoned in favour of maximum and minimum rates set by the Bank after consultation with the market. The Bank sent out a letter to this effect two weeks ago.

Up to now, brokers have been licensed effectively by the Foreign Exchange and Currency Deposit Brokers' Association. Its members are middlemen between dealers in foreign exchange and in currency deposits, mostly banks.

The various changes are made in amendments to the O'Brien Letter, named after the former Governor of the Bank. It was sent out in 1975 to detail the relationship of the Bank with the brokers.

In the amendments to the letter, criteria are laid down for allowing new brokers into the market. Applicants must submit letters from at least six banks in London, not fewer than three of which must be in the world top 300 banks. Two must be brokers or accepting houses.

The sponsors must testify to the technical expertise and suitability of the applicant and agree to use his services. Existing brokers must satisfy these requirements within the next six months.

Brokers and applicants have the right of appeal to the chairman of the Takeover Panel.

Scots likely to call on Labour to reflate

BY RAY PERMAN, SCOTTISH CORRESPONDENT

DEMANDS FOR a shift in Government policy away from an attempt to control wage increases to a substantial reflation of the economy are likely to be adopted by the Labour Party's Scottish conference in March.

Resolutions for the conference, published yesterday, show a strong feeling in trade unions and constituency parties that the Government ought to abandon its 5 per cent pay guideline in the public as well as the private sector.

There should be an attack on unemployment by means of increases in public expenditure, particularly on health, social services and education, implementation of a 35-hour week to encourage job-sharing, and use of oil revenues to restructure industry.

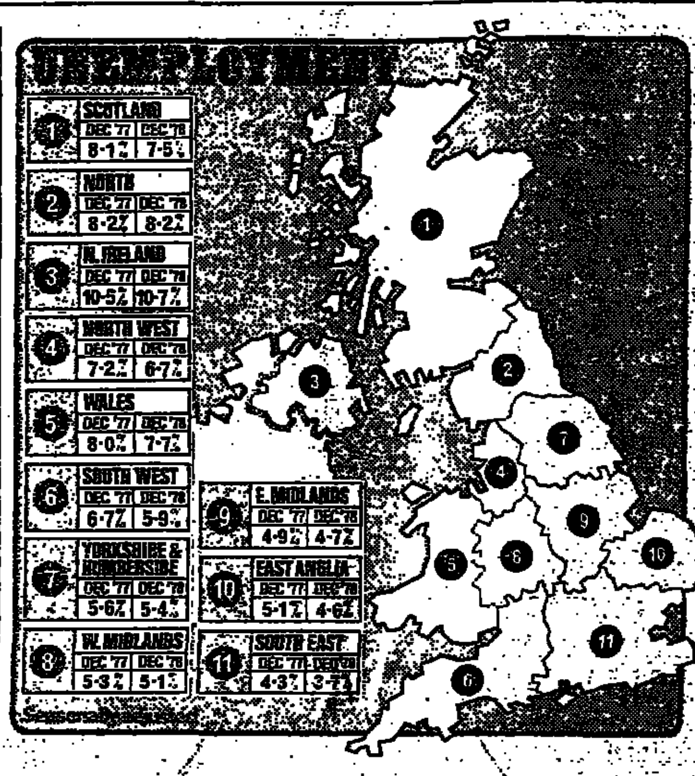
The Transport and General Workers' Union calls for a separate Industrial Development Fund to channel money from North Sea oil revenues into industry.

The Association of Scientific, Technical and Managerial Staffs demands selective import controls and greater control over multinational corporations.

The National Union of Mineworkers proposes a reduction in the defence budget of at least £1bn a year, and the introduction of a wealth tax as a contribution towards "finally effecting a massive shift in the balance of wealth and power in favour of working people."

Other important debates at the conference are likely to be on land policy, with several constituencies calling for nationalisation of large estates or the strengthening of Government powers over landlords; housing; and the way the Labour Party chooses its candidates.

There are resolutions proposing that MPs should submit to re-selection before every election.



THE NUMBER of adults out of work fell in all regions except the North and Northern Ireland, in the month to mid-December.

The biggest monthly falls in the seasonally adjusted figures were in the North West and the South East, where the absolute numbers out of work fell by 2.3 and 2.1 per cent respectively.

The increase in Northern Ireland was 1.6 per cent, and in the North 0.7 per cent.

In the last year the total number out of work, including school-leavers, and not seasonally adjusted, fell in all areas except Northern Ireland, where the figure was unchanged.

The biggest decrease was in the South East, where the absolute number of jobless fell by 14.6 per cent in a year.

There was a 12.3 per cent drop in the South West, 11.1 per cent in East Anglia, 7.8 per cent in Scotland, 7 per cent in the North West, 5.7 per cent in the West Midlands, 5.2 per cent in the East Midlands, 3.4 per cent in Yorkshire and Humberside, 2.3 per cent in Wales and 1.6 per cent in the North.

'More money from dole than work'

By James McDonald

PRIVATE BUSINESSES — to which the Government is looking to reduce unemployment figures—are finding that they often cannot fill jobs because men receive more money by not working, through tax rebates on top of unemployment benefits.

A poll taken by the Forum of Private Business shows that "time and again firms are being told by men sent for interview from the local unemployment office: 'I don't really want the job—I'm better off on the dole'."

Taxable income

The poll asked businesses if taxing unemployment payments could solve the problem and 82.3 per cent of the replies were in favour of short-term unemployment benefits being treated as taxable income, in the same way as earnings.

Mr. Stanley Mendham, chief executive of the forum, said: "We do not advocate penalising the disadvantaged. Only the minority whose unemployment benefits exceeded their personal allowances would pay tax, and the money saved could be used to alleviate the position of the longer-term unemployed."

RESIDENTIAL PROPERTY

APPOINTMENTS

COMPANY NOTICES

TORAY INDUSTRIES, INC.
(formerly Toyo Rayon Kabushiki Kaisha)

S. G. WARBURG & CO. LTD., announce that a dividend of Yen 2.50 per share has been paid to shareholders on the books of the above Company as at 30th September, 1978, in respect of the six months period ended on that date.

Holders of Bearer Depositary Receipts issued by S. G. Warburg & Co. Ltd. may present Coupon No. 32 for payment forthwith at S. G. Warburg & Co. Ltd., Coupon Department, St. Albans House, Goldsmith Street, London EC2P 2DL, or at Banque Internationale a Luxembourg, 2, Boulevard Royal, Luxembourg, subject to deduction of Japanese Withholding Tax and United Kingdom Income Tax (if any) at the appropriate rates. Details of tax deduction can be obtained from the Paying Agents.

S. G. WARBURG & CO. LTD.
As Depositary.
20th December, 1978.

UNITED BISCUITS (UK) LIMITED
U.S.$30,000,000
9 per cent Bonds due 1989
Guaranteed by United Biscuits (Holdings) Limited

In connection with the above, the appointment is announced of the following additional paying agent at its office specified below:
Kredietbank S.A. Luxembourgeoise,
43 Boulevard Royal,
P.O. Box 1108,
Luxembourg.
This appointment becomes effective on 5th March, 1979.

BANQUE WORMS
$US30,000,000.— FLOATING RATE NOTES 1978-1985

In accordance with the terms and conditions of the above mentioned floating rate notes the rate of interest for the interest period 15th December, 1978, to 15th June, 1979, has been fixed at 12%.

BANQUE INTERNATIONALE A LUXEMBOURG
Societe Anonyme
Trustee

NORWEGIAN STATE & MUNICIPAL POWER CONSORTIUM LOAN
(SIRA-KVINA KRAFTSELSKAP)

US$25,000,000 5¾% 20 YEAR EXTERNAL LOAN OF 1965

Bondholders of the above Loan are advised that the Redemption, due on the 20th January 1979, i.e. US$1,712,000 Nominal has been effected by purchase. The outstanding balance after this redemption is US$12,549,000.

HAMBROS BANK LIMITED
20th December 1978.

THE TOR INVESTMENT TRUST LIMITED

NOTICE IS HEREBY GIVEN that the registers of the Debenture Stocks will be closed from 15th to 29th January, 1979, inclusive.

By Order of the Board.
J. TODD, Secretary.

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of:
No. 003934 of 1978
A. & G. (JEWELS) LIMITED
No. 003936 of 1978
SANCAP RENTALS LIMITED
No. 003937 of 1978
CRAWAY SECURITIES LIMITED
No. 003941 of 1978
PRIMARY METALS LIMITED
No. 003942 of 1978
RISEWARD LIMITED
No. 003949 of 1978
INVESTMENT JEWELS LIMITED
and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the winding-up of the above-named Companies by the High Court of Justice were, on the 11th day of November 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 22nd day of January 1979, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 19th day of January 1979.

APPOINTMENTS

Lloyds Bank Board restructured

The Board of LLOYDS BANK will be restructured on January 1. A new wholly-owned management company—Lloyds Bank UK Management—has been set up, to be responsible for the direction and supervision of the clearing bank and its subsidiaries in the UK. It will have its own Board which will report to the group Board, as do the other subsidiaries.

★

Mr. K. G. Rice who has been group treasurer of BABCOCK AND WILCOX for the past seven years will be retiring on December 31.

★

Mr. David B. Hammond has been appointed financial and commercial director of EMI ENTERTAINMENTS operations from January 1. He has also been made a director of EMI Films Inc. and EMI TV Programmes Inc., and will monitor for Lord Delfont EMI's film activities in North America. During the last five years Mr. Hammond has served as EMI's group taxation manager.

In his new capacity he will be responsible for advising Lord Delfont on all financial and commercial matters, and will be functionally responsible for the organisation, manning and effective operation of the financial side of EMI's cinemas, EMI film production, EMI Elstree Studios and EMI Live Theatres Division, and will oversee the company's investment in Columbia-EMI-Warner Distributors.

★

Mr. R. N. Walker has joined the Board of R. A. LISTER FARM EQUIPMENT, a Hawker Siddeley company. He is based at Monmouth.

★

TRUBENISED (SALES) announces that Mr. Martin Friedmann has been appointed deputy chairman of the interlining division. Mr. Alan Levine has joined the division as managing director.

★

Dr. Mohsen Lak, who is on the Board of directors of several Iranian firms, has been elected president of the INTERNATIONAL CHAMBER OF COMMERCE (ICC) for 1979. This means that next year the world business organisation will be headed by a businessman from a developing country. When Dr. Lak takes office on January 1, he will succeed Mr. Ian MacGregor, partner in Lazard Freres. The ICC is based in Paris.

★

STEP MANAGEMENT SERVICES announces the appointment of Dr. Andrew Clayton as director of training for the "Star Rider" National Motorcycle Training Scheme from January 1. The scheme is operating in 40 UK counties and Scottish Regions and is training nearly 2,000 riders a month. It is financed by the motor cycle industry and trade and aims to establish 600 centres throughout the country by the end of 1980, manned by 6,000 instructors, approved by the Department of Transport.

★

Mr. Michael L. Carr has been appointed a non-executive director of TILBURY CONTRACTING GROUP. Mr. Carr, a solicitor, is an executive director of Gresham Trust.

★

Mr. Harry Griffin has been appointed managing director of Birmingham-based STANLEY GIBBONS PRODUCTS, a subsidiary of Stanley Gibbons Inter-

★

Sir Basil Smallpeice will relinquish, on March 31, the chairmanship of ASSOCIATED CONTAINER TRANSPORTATION (AUSTRALIA), which he has held for the last eight years, and will be succeeded by Mr. Edmund H. Vestey.

★

LOCKHEED CORPORATION has appointed Mr. William R. Wilson to the new post of senior vice-president-strategic planning. His former post of senior vice-president-marketing has been re-designated senior vice-president-business development, embracing planning of worldwide business development of all Lockheed products and services, to which Mr. Jack J. Catton has been appointed.

Mr. Robert F. Conley has been appointed vice-president-international marketing. He was previously president of Lockheed (Africa and Middle East) based in Paris, and now becomes a corporate officer.

Two senior executives, who both reach 65 this month, have agreed to remain for up to one year in their present position—Mr. Willis M. Hawkins, president of Lockheed-California Company, which manufactures the Rolls-Royce powered TriStar, and Mr. William B. Rieke who as corporate group vice-president has been responsible for the overall management Lockheed companies engaged in missiles and space work, electronics, petroleum services and shipbuilding and construction.

★

Mr. R. N. Chapman, Mr. B. J. Loring and Mr. T. J. S. Wilson have been appointed directors of ALEXANDER HOWDEN INSURANCE BROKERS from January 1.

★

Mr. J. E. Lee has been made deputy managing director Birmingham-based machine tool manufacturer CINCINNATI MILACRON. He will continue as managing director of the company's Biggleswade machine tool division.

★

Mr. Melvin Pelling has been appointed financial director of CHEMITRADE, UK subsidiary of the Steuber group. He continues as company secretary.

★

Lt-General Sir Richard Worsley is to be Quarter-Master-General, MINISTRY OF DEFENCE, in March, in the rank of general in succession to General Sir Patrick Howard-Dobson.

★

Mr. Eric Wright has been made group managing director controlling HYTRAC CONVEYORS and Hytrac Conveyors Inc. and will be developing the sales of major systems. Mr. Dennis Griggs previously works director, becomes managing director of Hytrac Conveyors and engineering director Mr. Frank Lightowler is the new technical sales director. Mr. R. Lloyd who has been chief accountant for the past five years has been promoted to financial director.

★

Mr. V. Sullivan, a regional director of MACK AND EDWARDS SOUTHERN, Southampton, a branch of the Mack Organisation, horticultural produce distributors, has been appointed regional managing director.

★

Mr. Cyril E. Vincent, formerly managing director of Dynamo and Motor Repairs, has been appointed manager of international technical resource projects for the international apparatus service department of the GENERAL ELECTRIC COMPANY of the U.S., of which DMR is a subsidiary. He will continue as a director of Dynamo and Motor Repairs. New managing director of Dynamo and Motor Repairs is Mr. John M. Chester, formerly director and general manager of the brain scanner division of EMI Medical.

★

Mr. G. T. Wright has been appointed a director of HICKSON AND WELCH (HOLDINGS). Mr. Wright has been a director for some years of the principal trading subsidiary—Hickson and Welch.

★

Sir John Spencer Wills has resigned as a director of REDIFFUSION TELEVISION. Sir John was elected chairman on the company's inception in 1964 having previously held the appointment of chairman of Associated-Rediffusion since that company's inception in November, 1954. Mr. Hugh Dundas has been elected chairman to succeed Sir John. Mr. Dundas was appointed a director in 1967 and was elected deputy chairman in 1970. Rediffusion Television is a subsidiary of The British Electric Traction Company.

★

The Secretary of State for Energy has appointed Mr. John Quine Taberner as a part-time member of the EASTERN ELECTRICITY BOARD for a period of three years. He is managing director of APE-Allen.

★

The Secretary of State for Social Services has appointed Prof. C. R. Lowe as chairman of the INDUSTRIAL INJURIES ADVISORY COUNCIL. Prof. Lowe, formerly Professor of Social and Occupational Medicine at the Welsh National School of Medicine, Cardiff, succeeds Prof. D. S. Lees, whose term has expired.

★

Mr. Hugh Palin has been re-elected president of the MOTOR CYCLE ASSOCIATION of Great Britain. He is a director of Skoda GB. Mr. Alex Haley, managing director of W. E. Wassell, was elected vice-president.

★

Mr. R. K. Heskell has been made a director of ROCHE PRODUCT. He becomes director of Pharma Production from January 1.

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هكذا من الأصل

Journalists open appeal against curb on sympathy action

BY PHILIP BASSETT, LABOUR STAFF

THE NATIONAL Union of Journalists yesterday opened its appeal against a High Court ruling which the TUC feels will severely restrict sympathy action by trade unions in industrial disputes.

The appeal, before Lord Denning, Master of the Rolls, is against a decision last week by Mr. Justice Lawson to grant Express Newspapers an injunction ordering the union to lift its instruction to Express group journalists to black copy from the Press Association news agency.

The union has withdrawn its instruction to Express journalists, but in London they voted to maintain the blacking. The union's original instruction, issued to all national newspapers, TV and radio stations, was in support of a strike over pay by 9,000 provincial journalists.

Mr. Justice Lawson ruled that because the blacking of PA copy at the Express was not "in furtherance" of a trade dispute, the union calling it was, therefore, not covered by the "sympathy action" clauses of the Trade Union and Labour Relations Act 1974.

Express Newspapers told the Court of Appeal yesterday that the blacking of PA had resulted in a "poorer quality newspaper produced at greater cost and less efficiency" and that the group had lost 30,000 copies of its northern and Scottish editions in the week the blacking began.

The NUJ argues that its action was in furtherance of a trade dispute, but it agreed yesterday that under the terms of the 1974 Act the only trade dispute was the one between the Newspaper Society, the provincial newspaper employers' body, and the union, not between the NUJ and the PA or the NUJ and the Express.

The TUC is urging its member unions to support the cost of the NUJ appeal. It feels that the outcome is of such importance to the trade union principle of freedom to take sympathy action in industrial disputes it is prepared to finance an appeal to the House of Lords if necessary.

The hearing continues today.

● The Newspaper Society yesterday increased its pay offer to the non-TUC affiliated Institute of Journalists from 8.9 per cent to 10.9 per cent. The offer will be considered by the institute's negotiating committee on December 29.

However, the society made no improvement in its offer during informal talks with leaders of the National Union of Journalists. It is insisting that the union's provincial members call off their strike, now in its third week, before it resumes negotiations.

'Best deal of year' offer to insurance workers

INSURANCE workers employed by General Accident are being asked to accept a deal which their union, the Association of Professional, Executive, Clerical and Computer Staff, yesterday described as the best in the industry for the last year.

The 2,500 APEX members have been offered a 10 per cent salary increase, a 2 per cent improvement on last year's 5 per cent productivity deal, a profit-sharing scheme, longer holidays, voluntary early retirement at 62 from 1980, and improvements to holidays and pensions.

The union said its deal would give basic increases of between 8½ and 11½ per cent.

Breaches of pay limit are 'service to economy'

BY OUR LABOUR EDITOR

Unions were performing a service to the economy by demanding wage increases of more than the 5 per cent stipulated by the Government, Mr. Clive Jenkins, general secretary of the big white-collar union ASTMS, said yesterday.

Mr. Jenkins, presenting the union's quarterly economic review, noted that the mini-boom appeared to be petering out. If the boom was to be sustained it would be because of wage-led demand.

"Unions, in a funny sort of way, are doing a service by asking for more than 5 per cent," he said.

He argued that the future conduct of the pay policy and the out-turn for earnings depended on the outcome of negotiations with the public sector now that sanctions had been lifted from private employers.

Mr. Jenkins, whose union membership includes health and education technicians, is demanding special inquiries: one for the low-paid manual workers in public service, and one for the technicians. He said that his own union agreements were mainly in double figures, including productivity deals allowed for by the pay policy, and, in some cases, more than 20 per cent. But he admitted that some of these deals were "catch-ups" for employees not long in the union.

The ASTMS review predicts an earnings rise of 11-12 per cent to next August on present trends and policies—more if the public sector breaks through. It sees inflation as remaining roughly static until February, when it would rise slowly to 10 per cent by June. This assessment was made before the OPEC decision to raise oil prices.

Unemployment would continue in a range of between 1.4 and 1.75m to the end of next year.

ASTMS believes the oil price rise—with its effect on the value of UK oil and coal reserves—coupled with the opportunities for industry opened up by micro-electronics is cause for some optimism for the UK economy.

Bank technology pact sought

BY NICK GARNETT, LABOUR STAFF

AN AGREEMANT to evaluate and price careers of senior staff in preparation for the introduction of new technology is being sought within Midland Bank by Mr. Clive Jenkins's Association of Scientific, Technical and Managerial Staffs.

The union believes that new technology in financial institutions could have a major impact on careers, including the possibility of redundancies.

It hopes to set up a working party with the bank to study the issue and hopes that a package, including extra money, can be agreed with Midland to cover dislocation resulting from major changes in career development and working practices.

It believes that agreement with Midland could be a model for similar arrangements with other employers.

The union is arranging a seminar in the New Year on micro-technology

'No danger' in collapse of sanctions

By Our Labour Editor

THE ENDING of Government sanctions against the private sector of industry would not cause a "new irresponsibility to creep into negotiations," Mr. Anthony Frodsham, director-general of the Engineering Employers' Federation, said yesterday.

He said that the federation shared the "universally held" view that inflation was the great evil. But he added: "While some people may feel that the use of sanctions against employers could paradoxically strengthen the employers' case at the bargaining table, most have now realised what immense economic power the State can exercise against private industry through the use of sanctions without the approval of Parliament.

"This is a new departure which smacks too much of dictatorship and which could lead to the enforcement of all kinds of governmental whims without constitutional authority."

He said that employers would "heave a sigh of relief" at the defeat of sanctions. Some might take advantage of it to put right the worst anomalies, while others would see it as a chance to avoid spurious productivity deals.

Singer future hangs on union jobs vote

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SHOP STEWARDS at the threatened Singer factory at Clydebank will meet today after the company's warnings that it will close the plant unless there is a commitment to increase productivity.

The future of the Clydebank site depends on whether the 4,800 employees vote to overturn a decision taken last week to reject a joint management-union plan which would have preserved 2,600 jobs.

It now looks unlikely, however, that stewards will call another mass meeting before Christmas.

Meanwhile, pressure on employees to reconsider has been mounting. It was the subject of sermons in 30 Clydebank churches on Sunday. And yesterday, Strathclyde regional council published a report which estimated that closure of the plant would triple unemployment in the town and reduce job opportunities by 20 per cent.

The report also said that the loss of Singer would cost the Government between £19m and £21m a year in lost taxes and unemployment benefits. The closure would lead to the disappearance of another 3,000 jobs in other companies dependent on Clydebank.

A management letter distributed to the workforce emphasised the company's decision not to invest in Clydebank without a commitment from employees to co-operate in labour flexibility, productivity improvements and an increase in the amount of work sub-contracted.

The letter concluded: "We ask every Clydebank employee to consider very carefully: are 2,600 jobs really to be cast aside rather than face the inescapable reality of the need to change and improve? This is the stark choice."

Shift working pact opens way for rolling mill

THE British Steel Corporation last night reached agreement with unions on shift working which will allow it to operate a rolling mill at Glengarnock, Ayrshire, writes **Ray Perman.**

Open-hearth steelmaking is to end at the plant this week and 720 men are being made redundant, but agreement on the rolling mill means that a further 240 will continue to be employed.

A surplus furnace from a nearby foundry is being installed at Glengarnock at a cost of £1m to re-heat rolling steel transferred from the Ravenscraig works at Motherwell.

LOMBARD

The real issue for Euro-MPs

By GILES MERRITT IN BRUSSELS

THE STORM that blew up in Luxembourg last week between the European Parliament and the EEC Council of Ministers must now be causing opinions of that normally docile assembly to be hurriedly revised. The mouse seems to have become a man. After 20 years as a talking shop, it must seem no coincidence that the 198-seat European Parliament should begin to sprout teeth when on the threshold of next June's direct elections to a more muscular 410-seat House.

For the real issue is not so much the Parliament's defiant insistence on a greatly enlarged Regional Fund inside a boosted 1979 Community Budget. It is the Parliament's role in the EEC decision-making process. But before the defenders of Westminster's sovereignty and France's unholy alliance of Gaullists and Communists overreact, they would do well to take a second look at the European Parliament. It continues to be a body that prefers not to concentrate on its own future.

There is, it is true, an aggressive school of thought spurred on by the Luxembourg Secretariat that dreams of exercising the assembly's statutory powers of interrogating, censuring and even dismissing the Brussels Commission. But with only a third or so of the present members likely to return after June, there is an even larger lame duck element that believes it would not be right for the outgoing Parliament to shape the future.

Whether or not attempts to strengthen the future Parliament are within the current body's competence is open to debate. What is not debatable, however, is the Parliament's apparent refusal to tackle the problem of its own seat.

Two months ago a vigorous start was made in that direction. A report on the future siting of the Parliament in a single permanent home was completed by a group of Euro-MPs, but has since sunk without trace.

The rapporteur was Mr. Willie Hamilton, Labour member for Fife. In Britain his staunch republicanism may have won him notoriety, but in the Euro-Assembly his reputation is that of a fervent and effective member; just the sort of Parliamentary pugilist to punch out a report that would finally help settle the long-running saga of where the Parliament should sit. His 12-page document unreservedly backing Brussels as the sole seat has, though, vanished into procedural mists.

French and Luxembourgeois pressure continues to be at the root of the problem. Like two dogs determined to hang on to their end of the single Euro-Parliament bone, each prefers *faute de mieux* to keep the assembly split between Strasbourg and Luxembourg. After next June the only chamber that can accommodate the 410 members will be Strasbourg's Palais de l'Europe, but the Luxemburgers have their own construction plans afoot.

But it is not cost or national sensibilities that preoccupies Willie Hamilton so much as the Parliament's diminished effectiveness. He maintains that Brussels' position as the home of the European Commission and the Council of Ministers, the trade associations, lobbyists and Euro-Press Corps, makes the Parliament's presence there vital. The fact that the guiding Parliamentary committees usually meet in Brussels underlines the point. If next year's newly-elected members are to fulfil their function of applying democratic checks and balances to the government of the Community—and the notion of a tough budgetary watchdog is increasingly being discussed—then Brussels must be their base.

And that is the core of the conflict. Which of the major EEC nations really wants an effective Parliament? Why should the executive institutions of the Community wish to see 410 inquisitive parliamentarians install themselves in the building that is already under construction just a stone's throw from the Berlaymont? There remains one wonderfully maverick solution to the whole problem. The other day Willie Hamilton challenged a French member of the European Parliament to suggest totally fresh premises that would be large enough. Without hesitation his socialist colleague replied: "Versailles, of course."

Berries for Christmas

GARDENS TODAY

BY ROBIN LANE FOX

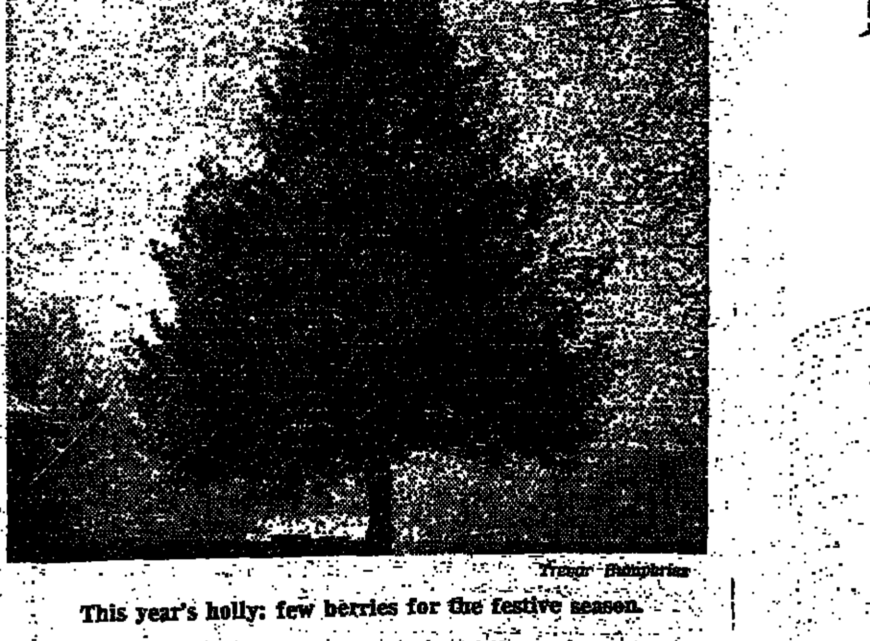
EVERYBODY will be hunting for holly with berries on it this week, and if you have no difficulty in finding it cheaply, you will be more fortunate than I. It takes years to grow your own holly to a fruiting size, so one has to rely on shops or a big bush in somebody's hedge. The latter, in my area, have not made a good crop this year. The shops, as usual, have run short. So I have been thinking of the other berried shrubs, just as remarkable in their way and far more readily pleased in my garden.

The prize must go to that fine and ignored climber, Celastrus Orbiculatus. This is such a useful plant for covering modern buildings, although it loses its leaves in winter. Why do town gardens use it so seldom, even though it will face east or west quite happily and grow almost anywhere? I suspect that they choose their climbing plants in summer when the Celastrus is just a curtain of leaves. Birds do not go for its fruits, so you only have to see it in full berry from November till January to want it yourselves. There is only one trick. Most forms bear male and female flowers separately, so unless you read this article, you would have to plant three or four together in order to be sure that girl and boy meet each other. As the plants take a few years to fruit for the first time, this is a trap you would wish to avoid. Far better, then, to order only a hermaphrodite form, guaranteed by a good nursery. They exist and are no more expensive. When you find one, consider planting it so that it runs up a smallish tree or big shrub. If the background plant loses its leaves, too, in winter, the scarlet-red seeds will stand out boldly. They are all the prettier for a yellow-gold lining to the seed capsules which show off the red seeds so strikingly when the capsule splits. Up a wall, you are advised to stretch a long run of wire netting from gutter to ground on which the Celastrus will scramble. Otherwise, it grows far too vigorously for a haphazard frame of pins and string. One bisexual climber, not a rarity nowadays, and you can forget the holly at Christmas: stems of Celastrus are far brighter.

What about the tantalising Callicarpa? I was lured four years ago into planting a group of these shrubs in one of the garden's best places. Near Reading I had seen a magnificent group of their purple-blue berries in a classic herbaceous border, backed by a proper yew hedge. They drew all eyes. The usual form is called Bodnieri Giraldii and is still probably the best. You would never bother with the little mauve-white flowers in summer, so you want to place these remarkable shrubs near the back of a border where their leaves, like some larger *Cotoneaster*, will give you a dark mass while the border-plants are in flower. Callicarpa grows above six feet high in the end. But from October onwards, your group of three will be quite spectacular. You ought to plant three, because of their sex problem, but otherwise they should be quite easy. The berries are just past their best now but have lasted well for two months and escaped all birds. They range from lilac-blue to shocking purple-mauve, brighter than any comparable fruit. In a vase indoors, they are a match for any holly. When my three plants are taller, I will dare to cut whole branches. For the moment I try to hurry them along with manure at the roots, for they like rich soil, and a warm site in the flower bed, as they are certainly not a plant for a chilly half-shaded border. Oddly, the Callicarpa is classed with the Verbena family. It was found in China and arrived here through Germany where you still see some fine old bushes of it. Not quite so easy as the Celastrus, it is still a berried plant of great impact.

At a humble level, the "Chinese lantern," that reddish-coloured seed-head, is another favourite with the florists at this season. It is that plant with a two foot high stem and an orange-red inflated seed pod like a pointed balloon. Conventionally, it is mixed with Honesty's pale silver-white discs and placed all over the chillier corners of Christmas churches. It is, however, worth growing your own stock as it is so cheap, quick and indestructible. Add a packet of its seeds, named Physalis Franchettii, to your list of spring bedding-plants and you will raise 20 young plants as easily as if they were Lobelia. Their great merit is their ability to survive in the dullest corners, under trees, against north walls, or behind tough hedges. They will spread their roots and attract no attention until November and December when you are hunting round for things to put with the holly. Then, a good crop of these bright seed-heads comes into its own.

Of course you can always fall back on the Pyracantha, though I find their berries less alluring than do the birds who tend to have stripped them bare by this time of year. Sentimentalists will also fall for the Glastonbury Thorn, though its berries are far less conspicuous than the related Hawthorn called Crataegus Lavallei, a tough and neglected small tree which deserves a space. Myself, I think the common old seed pods on our native British Stinking Iris — or Gladwyns Iris — as bright as anything on sale. You still find this plant running wild in the woods, its green iris-leaves smelling so oddly of roast beef when you break them and rub them on your hand. Perhaps if they smelt of turkey, Christmas florists would make more of them. But a clump of Iris Foetidissima will grow in any shaded corner. It is quite fool-proof and blocks out weeds. The big orange-yellow seeds beat any obstinate holly and are always ignored by birds: my way, in short, for a happy Christmas to you all in seasons when holly-berries run short.



Trevor Humphries

This year's holly: few berries for the festive season.

Super Chant to give aspiring Thomson Jones a leg up

RACING

BY DOMINIC WIGAN

TIM THOMSON JONES, who is leaving the army to join Tim Forster in the hope of carving out a career as a professional jockey, may receive further encouragement for the move at Warwick today.

Having been successful on two Fred Winter runners last week, he rides his own Uplands resident, Super Chant, in the 2½-mile Warwick Chase. A smart hurdler in the 1976/77 campaign, winning two novice hurdles at Sedgefield, Super Chant made a creditable graduation to fences last term. He beat Flapjack comfortably in an amateur riders' event at Teesside, and also scored at Sedgefield.

On his only appearance this season Super Chant—bought out of Arthur Stephenson's stable for 5,400 guineas by Johnny Haine at Ascot's July sales—ran a good race. He finished second in a handicap chase won by Durham Town at Worcester a week ago.

Sure to be all the better for that run, Super Chant is not harshly treated with 10 st 3 lb, and his weight will be further reduced by Thomson Jones claiming a proportion of his 7 lb allowance. I take the combination to score over the Forster-trained Uther Pendragon, a faller at the fifth in that same Worcester event.

Two other possible winners for Winter are Ruby Wine and Swordsman. The first-named, a four-lengths winner from Timoshenko here in his first venture over hurdles, and also a winner at Ascot, may have his work cut out to concede well over a stone to Mount Pelle.

But I see few problems for Swordsman. This Fine Blade gelding has impressed in recent schooling, following a fall at Newton Abbot, where he went well, in a race won by Main Ingredient, until misjudging the sixth flight.

In the Shirley Novices Chase, which has had to be divided, the two I like best are Dikaro Lady, in the first division, and Sir Gayle, who goes for Division Two.

WARWICK

12.00—Dikaro Lady*
12.30—Emerald Sea
1.00—Patino
1.30—Super Chant
2.00—Mount Pelle**
2.30—Not Lightly
3.00—Sir Gayle***
3.30—Swordsman

TV Radio

† Indicates programme in black and white

BBC 1

12.45 pm Midday News. 1.00 Pebble Mill. 1.45 Over the Moon. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Wally Gator. 4.25 Jackanory Writing Competition. 4.40 Rikki Tikki Tavi by Kipling. 5.00 John Craven's Newsround. 5.10 The Moon Stallion. 5.35 Ludwig.
5.40 News/Weather.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Happy Ever After.
7.15 The Rockford Files.
8.05 Secret Army.
9.00 Nine O'clock News.
9.25 The Fall and Rise of Reginald Perrin.
10.00 The Great American Theme Park.
10.40 Tonight.

All Regions as BBC-1 except at the following times:—

Wales — 5.10-5.35 pm Bilidowcar. 5.55 Wales Today. 6.45 Heddiw. 7.10 Fe A Fe (cyfres). 7.40 Tomorrow's World. 12.10 am News and Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 12.10 am News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55 Scene Around Six. 9.25 Spotlight on People. 12.10 am News and Weather for Northern Ireland.

England—5.55 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Nationwide (London and South-East); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

10.20 am Gharbar.
10.45 Parosi.
11.00 Play School.
7.00 Test Cricket: Australia v. England.
7.30 The Mid-Evening News.
7.35 In Deepest Britain.
8.05 Buffalo Bill's Wild West Show.
8.35 M*A*S*H.
9.00 Music for Christmas from the Royal College of Music.
10.00 Beryl Reid: a great actress.
10.45 My Kind of Movie.
10.50 Late News.
11.05 Arena Cinema: Karel Reisz's film "Dog Soldiers."

LONDON

9.30 am Ukaliq. 9.55 Munster Go Home. 11.30 Survival. 12.00 The Adventures of Rupert Bear. 12.10 pm Rainbow. 12.30 Sounds of Britain. 1.00 News At One. 1.30 Crown Court. 2.00 After Noon. 2.25 Disappearing World. 3.20 You're Only Young Twice. 3.50 Tell Me Another. 4.20 How. 4.45 Fanfare for Young Musicians.
5.15 Batman.
5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 The Eric Sykes Show.
9.00 Edward and Mrs. Simpson: "The Abdication."
10.00 News At Ten.
10.30 Quincy.
12.00 am Christmas Pie.

All CTV regions as London except at the following times:—

ANGLIA

9.30 am Pretty Baby. 11.00 Carol Concert. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.25 pm Anglia News. 2.00 Houseparty. 3.20 The George Hamilton IV Show. 3.50 Tell Me Another. 5.15 Mr. And Mrs. 6.00 About Anglia. 10.30 The Blue Lagoon. 12.20 am The Big Question.

ATV

9.35 am The Widest Beach In the World. 10.25 Trapped Beneath The Sea starring Lee J. Cobb. 1.20 pm ATV Newsdesk. 3.25 The Practice: Jules and the Bum. 5.15 You're Only Young Twice. 6.00 ATV Today. 10.30 The Bravados starring Gregory Peck. 12.15 am Richie Brockelman. A Pigeon Ripe For The Plucking.

BORDER

9.30 am The Great St. Trinians Train Robbery. 11.00 Carol Concert. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. †1.20 pm Border News. 2.00 Houseparty. 3.20 Stars on Ice. 5.15 Bernie. 6.00 Lookaround Wednesday. 6.25 Christmas Pie. 10.00 News and Border Weather. 10.30 Columbo: "Identity Crisis." 12.15 am Border News and weather.

CHANNEL

1.18 pm Channel Lunchtime News. What's On Where and weather. 2.25 Family. 5.15 Emmerdale Farm. 6.00 Channel News and weather. 6.10 Arthur. 10.28 Channel Late News and weather. 10.32 Feature Film: "The Charge Is Murder." 12.25 am Epilogue followed by news and weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Canada at War. 10.00 Survival Special. 11.00 Carol Concert. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Grampian News. 3.20 Rolf Harris Show. 5.15 Emmerdale Farm. 6.00 Grampian Today. 12.15 am Reflections. 12.20 Grampian Late News.

GRANADA

9.30 am Sesame Street. 10.25 Tarzan. 11.10 Wildlife Cinema. 11.35 Cartoon Time. 11.45 A Handful of Songs. 1.20 pm This Is Your Right. 3.20 Stars On Ice. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Mr. and Mrs. 8.00 Wednesday at Eight. 10.30 Marilyn Monroe in "Bus Stop."

HTV

9.25 am Traffic. 11.00 Carol Concert. 11.40 Oscar. 11.55 Sweet Sugar Doughnuts. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Help Yourself. 3.20 The Electric Theatre Show. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.00 News followed by Report West Headlines. 10.30 Pretty Maids All In A Row.

HTV Cymru/Wales—As HTV General Service except: 1.20 pm Penawdau Newyddion y Dydd. 4.20 Rydw i'r am Fod. 6.00 Y Dydd. 10.00 News at Ten followed by Report Wales.

HTV West—As HTV General Service except: 1.20 pm Report West Headlines. 6.15 Report West.

SCOTTISH

9.30 am Aboriginal Legends. 9.40 Seaward The Great Ships. 10.10 Morning Mystery Movie: McMillan and Wife. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. †1.25 pm News and weather. 2.00 Women Only. 3.25 The Electric Theatre Show. 5.15 Christmas Call. 5.20 Crossroads. †6.00 Scotland Today. †6.30 Elaine, the Singer of the Song. 10.00 News and Scottish News. 10.30 Catch Me A Spy.

SOUTHERN

9.30 am The President's Plane Is Missing. 11.00 Carol Concert. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Southern News. 2.00 Houseparty. 3.20 Little House on the Prairie. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 10.30 Southern News Extra. 10.35 Who Slew Auntie Roo? 12.20 am Weather followed by The Holly and the Ivy.

TYNE TEES

9.45 am The Good Word followed by North East News Headlines. 9.50 Boys Will Be Boys. 11.00 Carol Concert. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm North East News and Lookaround. 2.00 Women Only. 3.20 Stars On Ice. 5.15 Laverne and Shirley. 6.00 Northern Life. 10.30 Alcatraz Express. 12.25 am Epilogue.

ULSTER

10.10 am Davy Crockett. 11.00 Carol Concert. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Lunchtime. 3.20 The Electric Theatre Show. 4.18 Ulster News Headlines. †5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.35 Hogan's Heroes. 11.25 Bedtime.

WESTWARD

†9.25 Private's Progress. 11.00 Carol Concert. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Family. 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.28 Westward Late News. 10.30 Film: "The Charge Is Murder." 12.25 am In Praise Of Christmas.

YORKSHIRE

9.30 am David Copperfield. 11.35 World Worth Keeping. 1.20 pm Calendar News. 3.20 Stars On Ice. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 11.30 The Black Torment. 11.55 Electric Theatre Show.

BBC Radio New Wavelengths

1	1053kHz/285m, 1089kHz/275m
2	693kHz/433m, 909kHz/330m & 88-91vhf stereo
3	1215kHz/247m & 90-92.5vhf stereo
4	200kHz/1500m & 92-95vhf
BBC Radio London:	1458kHz, 206m & 94.9vhf
Capital Radio:	1548kHz, 194m & 95.8vhf
London Broadcasting:	1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 Newsbeat. 2.00 pm Tony Blackburn including National Pop Panel. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 As Radio 2. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 10.00 pm With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 David Allan (S) including 6.15 Pause for Thought. 10.03 Jimmy Young (S) including 10.30 Cricket: Second Test. 12.15 pm Waggoners' Walk. 12.30 Harry Rowell's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk with racing results. 7.02 Robin Richmond (S). 7.30 Listen to the Band with Charlie Chester (S). 8.15 Semprini Serenade (S). 9.00 Music for Christmas (simultaneous with BBC-2 TV) (S). 10.02 The News Huddlines. 10.30 Richard Hearne says Be My Guest. 11.02 Sports Desk. 11.05 Brian Matthew introduces Round Midnight, including 12.00 Midnight News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡Medium Wave only

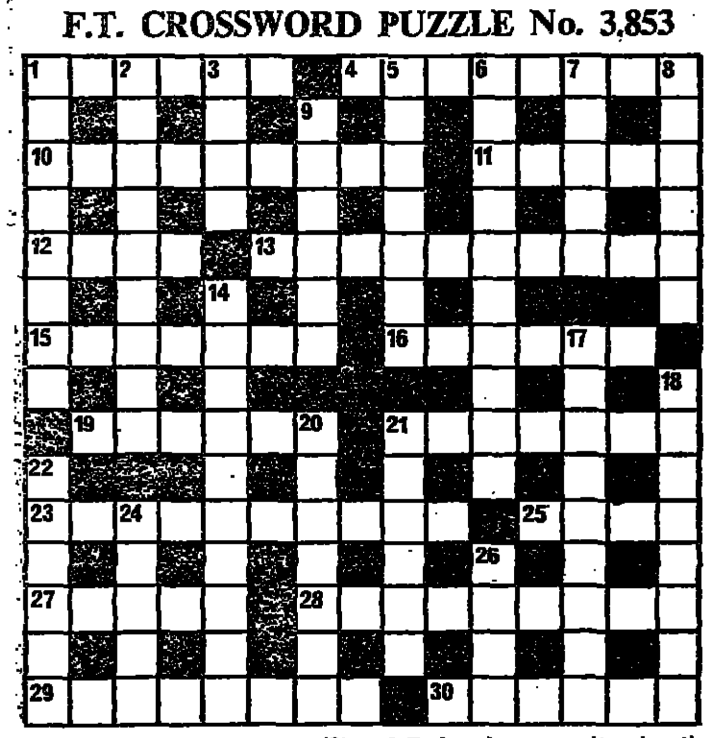
‡5.35-10.05 am Test Cricket: Australia v England. 6.55-7.00 Weather. 7.00 News. 7.05 Your Midweek Choice: Record requests (part 1) (S). mlwyp record requests (part 1), Mozart, Telemann, Soler, Bach, Handel (S). 8.00 News. 8.05 Your Midweek Choice (part 2), Hummel, Chopin (mono), Berwald (S). 9.00 News. 9.05 This Week's Composer: Tchaikovsky (S). 10.05 Holiday Special. 10.25 Music for Organ by Pachelbel, Couperin, Gerber, Pescetti, Buxtehude (S). 11.00 The People's Oratorio: Last programme on Handel's Messiah. 1.30 Barber and Schoenberg (S) (part 1). 12.00 Short talk. 12.10 pm Concert (part 2). 1.00 News. 1.05 Concert Hall: Elizabethan String Music (S). 2.00 Cardiff University Recital (part 1): Hoddinott, Beethoven (S). 2.30 Words. 2.35 Recital (part 2) Beethoven (S). 3.20 The Renaissance of English Chamber Music: Howells, Bridge, Delius (S). 4.35 Building a Library (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home with conductor Mark Elder (S). 7.30 Handel: Messiah (part 1) (S). 8.25 Interval Reading. 8.30 Messiah (part 2). 9.25 Interval Reading. 9.30 Messiah (part 3). 10.25 The Two Hangmen: Brecht and Wedekind: Cabaret of Songs, Poems and Sketches. 11.45 News. 11.50 Tonight's Schubert Song (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.45 Serial Reading. 9.00 News. 9.05 The Living World. 9.35 A Word in Time (S). 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story: "My Christmas Carol." 11.00 You, the Jury: Cannabas should be legal. 11.45 Listen with Mother: "The Cat Who Wanted to Sing Carols." 12.00 pm News. 12.02 You and Yours. 12.27 Dr. Finlay's Casebook. 12.55 Weather. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour Celebrates Childhood. 3.00 News. 3.05 Afternoon Theatre: "The Wonderful 'O'" by James Thurber. 3.50 Choral Evensong from St. Paul's Cathedral (S). 4.35 Story Time: "The Thirty-Nine Steps." 5.00 PM. 5.50 Shipping forecast. 5.55 Weather. 6.00 The Six O'clock News. 6.30 My Word! (S). 7.00 News. 7.05 The Archers. 7.20 Misery Christmas. Anthology for sympathisers with Scrooge. 7.45 Let's Go to the Gaiety: history of London theatre (S). 8.45 Analysis: China. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 An Actor in his Time. 11.00 A Book at Bedtime: "The Enchanted Places." 11.15 Three Charades for Christmas. 11.30 The Unforgettables. 12.00 am News. 12.15 Shipping forecast.

VHF—6.00 am With If. 6.25 Programme news. 6.30 With If. 6.50 Regional News. 6.55 With If. 7.50 Regional News. 7.55 With If. 12.55 pm Regional News; weather (except London and SE). 1.00 With If. 2.00 With If. 5.50 Regional News. 5.55 With If 11.00 Study on 4: Ensemble. 11.30 With If.

F.T. CROSSWORD PUZZLE No. 3,853



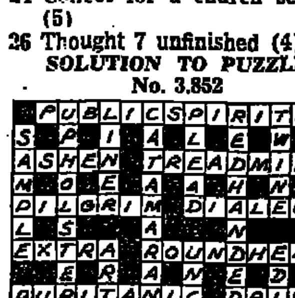
ACROSS

1 Want to leave the country (6)
4 Last possible minute and the phone's not working (8)
10 Reduction in size of contract before time (9)
11 Irishman going round the French fold (5)
12 Incline to be thin (4)
13 Cabinet minister with opportunity to turn back (10)
15 Country in which I arrive again (7)
16 Boy embracing female is whipped (6)
19 Material for tying up a number of horses (6)
21 Flowers in bloom round ship (7)
23 Mental outlook to tolerate and direct (10)
25 Colour from the cruet (4)
27 Muse and hesitate at nothing (5)
28 Constant advantage in rapid succession (9)
29 Armed trops could be a murky set (8)
30 Strike violently with stick used by 29 (6)

DOWN

1 Refuse to acknowledge record mixture of mail (8)
2 Strict last word to team-leader? Heavens! (9)
3 Is unable to speak whiningly (4)
5 Eastern sea-bird takes a direction that's endless (7)
6 Reduced prosperity in the valley (10)
7 I transact business and it's perfect (5)
8 Gain by violence but without legal wrong (6)
9 Brewed in the north and crushed all over (6)
14 Friend in airport, could it be Hannah? (10)
17 Seat from which it is simple to control meeting (4, 5)
18 Came to a doctor badly tuned (8)
20 Bird right to be a grumbler (7)
21 Card game for a financier (6)
22 Oriental meets up with favourable regard (6)
24 Collect for a church service (5)
26 Thought 7 unfinished (4)

SOLUTION TO PUZZLE No. 3,852



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

CLUBS

ART GALLERIES

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

How the master of the Dulux dog earned his pedigree

Jason Crisp talks to the head of ICI's Paints Division

BRIGHT FLASHING lights, conjurors and general razzamatazz might not seem typical of ICI. But then Dulux, part of the paints division, is the chemical giant's only major consumer product.

So when Dulux had its 25th birthday earlier this month, it took the opportunity to bang the drum, wining and dining any journalist who knew the *difference* between matt and gloss.

Presiding over this with some bonhomie was the bluff chairman of the paints division, Denys Henderson. Quite at home and quite the salesman; not at all the sort of bureaucrat you might expect to make his way up through the ranks of one of Britain's largest companies

At 46, Henderson is relatively young to be heading one of ICI's nine divisions; after all, it is only a short step from there to the main board. Even more unusual was the route by which he arrived at his present job. He is the first chairman of an ICI division who has also held a senior post in the company's head office at London's Millbank.

As in many other large companies, there is inevitably some friction between ICI's divisions and its head office. Henderson is obviously well placed to appreciate and analyse both parties' point of view.

His preference between head office work and that of line management as division head is abundantly clear. Describing his present job, his voice betrays an enthusiasm which never quite broke through when he was talking of his time as general manager, commercial, at Millbank.

Sitting forward in his chair, Henderson says he reacted to the paints division appointment last year with "enormous pleasure," and he says with a smile: "Well, we'd bought a house within 20 minutes of Slough" (where the division is based). Then, with more seriousness, he adds, "More important, I was pleased to get back into line management."

Like, he says, many other people in an operating division, he was initially reluctant to move into head office when the call came in 1974. For Henderson, there was an additional reason: he had been in his existing job of fertiliser director in the agricultural division for only two years, "Too short because I was enjoying it, and because it is not long enough to prove yourself."

Denys Henderson: "I was pleased to get back into line management"

But the offer of commercial general manager was not one he could refuse. It gave him a staff of 600 and meant he was in day-to-day contact with the main board as on-the-spot commercial adviser.

Such a position is clearly a useful career boost as it ensures its holder gets noticed. Henderson agrees, but points out the high risk of being exposed to the "penetrating gaze" of the board every day.

The switch from agriculture to commercial was not as drastic as it sounds. Henderson qualified as a solicitor from Aberdeen University, where he also received an MA in Modern Languages. After two years' national service, seconded to the Army Legal Services, he decided against becoming a "local" solicitor although he had developed a taste for the "drama" of the courtroom.

Henderson likes to describe life as a series of lucky accidents, and it was one of these which took him to ICI. He read an article in the Scottish Law Gazette by the ICI company secretary which mentioned it needed solicitors, so he wrote to him and eventually joined the paints division as what he calls a "scribbler" in the company secretary's office.

His progress through the company secretary hierarchy was steady until he eventually became secretary of the Nobel explosives division, aged 31. After one year his career took a sharp change of direction when he was made new venture manager at Nobel.

Mainstream

He admits it was a totally alien field to him, not least because, unlike the divisional secretary's office, it was away from the mainstream of the business: "Nobody phones you, no one contacts you."

Diversification was quite in vogue at the time but the job taught Henderson what he describes as a fundamental truth; only ever to diversify where you have genuine commercial and technical expertise.

After three years he moved again, this time to become general manager in charge of licensing and catalysts at ICI's Agricultural Division. It was a seminal experience.

Henderson believes every businessman should have had his "pain and suffering," by which he means someone actually proving his track record by sitting through a problem and seeing it out to a successful conclusion. (Applicants to the paints division please note.)

"For me it was my time spent in catalysts," says Henderson. By comparison with the rest of the agricultural division, it was a very small (60-person) though profitable business, both licensing and selling catalysts.

When he took over, 70 per cent of the business came from the UK, and much of this was threatened by the arrival of North Sea oil. Through a forceful sales effort, with much time spent in negotiations for licensing arrangements, the level of overseas business had risen under him to 90 per cent.

"It was about as near to being an entrepreneur as you could get in a large organisation. You could say that was when I came of age commercially."

Although he subsequently spent two years as fertiliser director—a much more typical ICI senior management role—the contrast between his life in the divisions and his work at head office must have been great. One of his main reservations about working in Millbank was not being profit responsible.

As commercial general manager at Millbank from 1974 he had charge of a number of departments, including public relations, central purchasing and trade affairs. One of the more interesting aspects, he recalls, was dealing with government as the company's government affairs adviser.

One of the other strong plus points for someone coming in from the divisions was the chance to see the whole company picture from the centre. It was, though, much more frustrating, "because you are so much less in charge of your own destiny." All the same, he says he found the work a good deal harder than people in the operating companies might believe.

When he became chairman of the paints division, the industry was in a mess. But, as he points out, it is not a bad time to join an industry when it is at the bottom of a cycle.

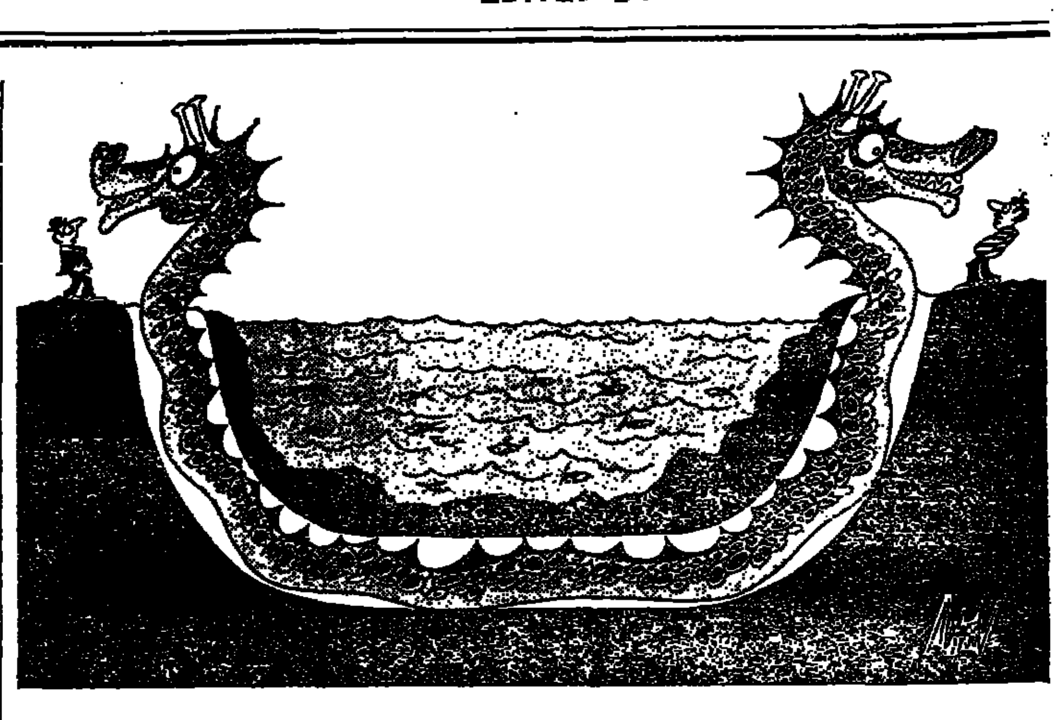
As chief executive he decided to concentrate on four major functions: set and maintain financial targets; get the organisation right; look at the business a decade hence: act as custodian of the corporate image.

The first phase at paints has been what Henderson calls "getting the costs right." Part of this has been the divesting of non-essential businesses. Typical of this was the announcement this week of the sale of 57 retail outlets to Great Universal Stores. These follow a number of other subsidiaries from the division sold in his "purification" policy.

For the future, Henderson is committed to taking the paints division further along the path into Europe; not simply to try and recreate Dulux's success in the UK, but rather aiming for specific countries with specific products.

Although he may be making ten-year plans for the division, it is unlikely that Henderson will be there to see them all come to fruition. He refuses to talk of his aspirations, though—this profile is going to ensure he gets quite enough ribbing from his colleagues, he says, and he certainly does not want to be thought a great egocentric.

Whatever the future, he claims: "I don't believe I will ever have more job satisfaction than I have now."



A glint of light at the end of the Chunnel

WHAT WOULD be the advantages and disadvantages of a Channel Tunnel? For most people, the question belongs alongside other such brain teasers as "will the shower replace the bath?" in Ordinary Level English language examinations of the 1960s.

But it could still be featuring on examination papers of the 1980s. Much depends on the course of events in Brussels, Paris and London in the next few months.

The point of asking schoolchildren to write about what is sometimes referred to as the Loch Ness Monster of civil engineering — subaquatic but never seen—is, of course, that the issue presents a list of stalwart pros in contention with a team of sturdy cons.

Moreover, the arguments waver between the political, geographic, economic and even psychological — involving the question of how "we" (the British) can be made to "feel" more European. Quite what "they" are supposed to "feel" is less frequently debated, though no doubt adventurous "O" level candidates have attempted to do so.

In the end, of course, the matter is far from academic. Somebody thumps the table and says: "How much is it going to cost?"

Kick over

The answer four years ago was £2bn and Anthony Crosland stood before the House of Commons and said it was too much. Recently Sir Richard Marsh, who was chairman of British Rail at the time, said in his memoirs that the Government had not even looked at the railways' revised financial analysis when this decision was made.

At any rate, the view of the present Transport Secretary, William Rodgers—who is not himself adverse to the odd flight of fancy about the psychological importance of being European—is that Crosland's Channel Tunnel is dead. So, long live Rodgers' tunnel?

Maybe. But just to emphasise that he really did intend to kick over the traces of the ancien

tunnelling regime, Rodgers two weeks ago sold The Mole.

The Mole is a machine Crosland bought for £250,000 to dig his tunnel. Indeed, it even set out to start Europe's missing link by burrowing 250 yards through Shakespeare Cliff at Dover.

Now it is owned by J. C. Sanders, scrap metal dealer, of Chatsworth Road, Stratford, East London. He paid £20,000 for the Mole, so at least someone made a bob or two out of the European vision. In a nearby hole, a Mole of an earlier tunneller of 1887, still rests, abandoned.

So now the decks and the heads are clear. We can start to re-exert the brainpower of 10,000 fifth formers and almost as many planning consultants.

British Rail and Société Nationale des Chemins-de-fer have made the running under Rodgers so far with a plan for a single-track, rail-only tunnel, which would cost around £600m with an annual capacity of perhaps 8m passengers and 8m tons of freight. Total roll-on roll-off and containerised freight between Britain and the nearer Continental ports in 1977 was 15.8m tonnes and probably 15m passengers. Both figures are growing steadily.

Since the two railways reopened their tunnel talks this year, rival factions have, naturally, dusted off their dreams. These include the idea of a £3bn motorway and rail bridge, which is favoured by Mr. Horace Cutler, leader of the Greater London Council—who also wants to build an Olympic City in docklands to house the 1988 Olympic Games. This is called thinking big. Not surprisingly, Mr. Cutler has the support of the civil construction industry.

Other bridge proponents reject the grandeur of this particular idea, but say that technology will now permit a bridge with two-mile-spans—twice those of the Humber Bridge—compared with the 750-foot spans of the 1963 bridge proposal, which was dismissed as a hazard to navigation in the world's busiest bit of sea.

A third concept involves submerging a series of five concrete tubes, carrying six lanes of motorway and two railway lines. The road tubes would come up for air half way across on a pair of sandbanks, where motorists would be able to drink tea and watch supertankers bearing down on them.

Railways

No price is on the head of this design yet but it will be more cost-effective than the railways' plan, say its designers, headed by Sir Bruce White, who at 93 is just over half the age of the Channel Tunnel concept itself.

Will any of the designs actually be built? Brussels and Paris both like the idea, but the latter has at least short-term budgetary problems and the former is gestating even larger dreams. Richard Burke, EEC Transport Commissioner, is about to publish a Green Paper suggesting EEC transport infrastructure of £21bn to the year 2000.

He also has at his disposal a £680,000 transport infrastructure research budget, a part of which seems certain to be spent upon yet another wide-ranging analysis of a fixed link for the Channel.

Meanwhile Sir Peter Parker, chairman of British Rail, is framing visionary rhetoric about the dangers of sinking into the "familiar eiderdown of national indecision." He says we'll have a tunnel by 1988 even if he has to borrow the money in commercial markets to do it. But the French are still sitting on the first outline report on the plan, waiting for a stronger push from Mr. Rodgers, who is waiting for ....

Transport correspondents need not fear the loss of their longest running story.

Ian Hargreaves

Why you should think twice before changing your job

AFTER ALL the publicity in recent weeks, almost every employee in the United Kingdom must by now be aware that his pension will suffer if he changes jobs.

Much less well-known is how much money people lose in practice by job-switching; the heated discussion about preserving pension levels has been conducted with a notable absence of hard facts and figures.

This deficiency has now been partly rectified by a survey carried out by the Central London Branch of the British Institute of Management. The results make stark—not to say disturbing reading.

The first study concerned a man aged 35 earning £8,000 a year who was changing jobs after 10 years' service with an employer. The survey asked 82 companies what would be the "lump sum transfer value" for such an employee leaving their service, that is, the value of his accrued pension rights being transferred to his new company. The average amount from the 42 companies which provided meaningful figures was £2,667. But when those companies were asked what sum would be required by the pension scheme for such an incoming employee fully to secure his past service rights, the average was £8,693—three times the amount.

For a man aged 30 earning £5,000 a year with five years' service, the disparity between the two amounts in and out was even more marked. The pension schemes would pay out on average a sum of £712 for leaving, but would require £2,712 for someone joining.

But the project did not confine itself simply to collecting statistics. The BIM went to the various sectors of the pensions industry—consultants, life companies and pension fund managers—and sought their views. Not surprisingly it received a lot of woolly answers, since the industry cannot reconcile natural justice to employees on the one hand with the extra cost burden on the other. Indeed, the survey points out that the insurance industry representatives take the view that "people who leave their employment do so for their own benefit and therefore can hardly expect to be treated decently."

The survey therefore concludes that transferability to ensure a full pension could only be brought about by legislation which would impose a set of standards on pension schemes. The survey then goes on to discuss the possible implications of such a course of action, admitting that in doing so the costs of providing pension scheme benefits could increase by as much as 50 per cent.

In the light of the survey's findings, the authors suggest a set of questions that managers should ask on seeking fresh employment. They should ascertain at the outset what would happen to their pension rights if they were to leave after certain specific periods; the resulting loss should be compared with staying with the same employer.

It is also suggested that managers should seek certain information from their present employer with the object of measuring the loss on changing jobs. Such information would include comparing the amount of contributions paid by the employer on behalf of the individual, accumulated at the rate of interest used by the fund, with the amount being transferred to a new scheme.

In addition, this should be compared with the value in capital terms of his accrued pension rights though the authors do not discuss the actuarial implication of this latter figure.

This is useful advice, but whether it would be practical is another matter. To talk to a prospective employer about one's rights in case of leaving that employment, seems tantamount to talking oneself out of getting a job. The questions would have to be framed extremely tactfully, and it is doubtful whether the answers could be produced easily.

The survey accepts that people considering leaving a company do not want to disclose the fact to their employer. It therefore suggests that they should be able to get the information required on a confidential basis.

A more practical suggestion, which the survey puts forward as an alternative, is to include this information on an annual benefit statement. Legislation is pending on the disclosure of information to employees. It would be helpful if this point was dealt with in any prescribed benefit statement.

The most useful point associated with this survey, however, is that it has been sent to the Occupational Pensions Board. The Board has been asked by the Government Minister concerned to consider the whole question of transferring pensions on change of employment and has admitted that it needs to know what happens at present. This survey will help fill that gap.

Copies of this survey entitled "So you thought you were earning a two-thirds pension!—Well think again" can be obtained from the Central London Branch of the British Institute of Management, c/o Metra, 23, Lower Belgrave Street, London, SW1.

Eric Short

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

CGT relief

I am the proprietor of a property in Scotland, which is due to be acquired by the Local Authority for redevelopment, and is leased to a private company of which I am the managing director and majority shareholder. It is intended to re-locate the business at other premises owned by the company which will require extending.

The 1978 Finance Act provides for roll-over relief in respect of Capital Gains Tax where an asset owned by a shareholder in a family trading company is replaced and used in the company's trade. As the ground on which the extension would require to be built is owned by the company, would this relief apply if the new building was financed by the proceeds from the sale of the existing premises to the local authority and leased to the company?

During the company's occupancy of the existing premises additional buildings were added and financed by the company. Would that portion of the purchase price to be paid by the local authority which related to these additional buildings be due to the company or to myself as proprietor?

The precise facts are not quite clear, but it looks as though you will not personally be eligible for CGT rollover relief (under section 47 of the latest Finance Act).

However, the company may qualify for CT rollover relief in respect of the compensation payments to which it is entitled, from the local authority or yourself (or both).

The company's accountants are best placed to advise you, from their background knowledge of the company's tax history (and possibly your own), and presumably both you and the company have engaged professional assistance over your respective claims for compensation. If a second opinion on some aspect of tax law or Scots land law is required, it may be simplest if your advisers write to us direct.

Unissued shares

A limited company was formed two years ago with an authorised share capital of 100 shares of £50 each. No time limit was put on the offer for sale and one-third is still outstanding. Can any existing shareholder now take up all or part of those outstanding shares without any further reference to the other shareholders or must a reminder be put to all existing shareholders?

The answer to your query will depend on the Articles of Association of the company. In the absence of any express provision in that behalf there may well be an implied requirement that any unissued shares must be offered to existing shareholders pro rata when they are to be issued. Such an implied term would depend (inter alia) on the circumstances surrounding the formation of the company.

Grazing field

For some 33 years I have let a field of seven acres of grass to a farmer for grazing cattle, on an annual agreement. Have I ensured that the farmer cannot claim ownership of the field by virtue of long usage?

If I were to allow the farmer to plough the field and put it down to crops, and assuming I renewed the agreement annually, would it also be impossible for the farmer to claim ownership eventually?

Assuming that you have collected a rent, however small, you will have prevented the farmer from claiming ownership of the field. The same would be true if the land is used for arable farming, but here the protection of the Agricultural Holdings Act 1948 will attach to the holding to enable the tenant to remain as a tenant so long as he is farming efficiently. The series of short grazing leases avoids that disadvantage.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● NAVIGATION

Messing about in boats programmed

FOR SOME time past much of the running in calculator-assisted navigation for the yachtsman has been made by Hewlett-Packard. Now, however, Texas Instruments has brought out a direct challenge in this teeming market with what it describes as a complete electronic navigation package for the small boat user, launched under the name "Navigatronic."

TI's 58 programmable calculator is the heart of the package, offering up to 480 program steps. With it goes a marine navigation solid state program library and a 12/24 volt adaptor/charger.

Marine navigation quick-reference guide and a 220 volt ac adaptor-charger for shore use is also supplied. And to keep everything within the marine tradition, the whole is offered in a brass-bound mahogany case.

TI believes the package will handle the entire range of navigational calculations for racing, cruising and ocean-crossing—a library of 30 standard, frequently used programs is available at a touch of a key.

These include coastal navigation routines to compute relative or absolute position, speed made good and true course; celestial navigation programs for easy sight reduction and position plotting; and sailing and tactical programs to help in racing.

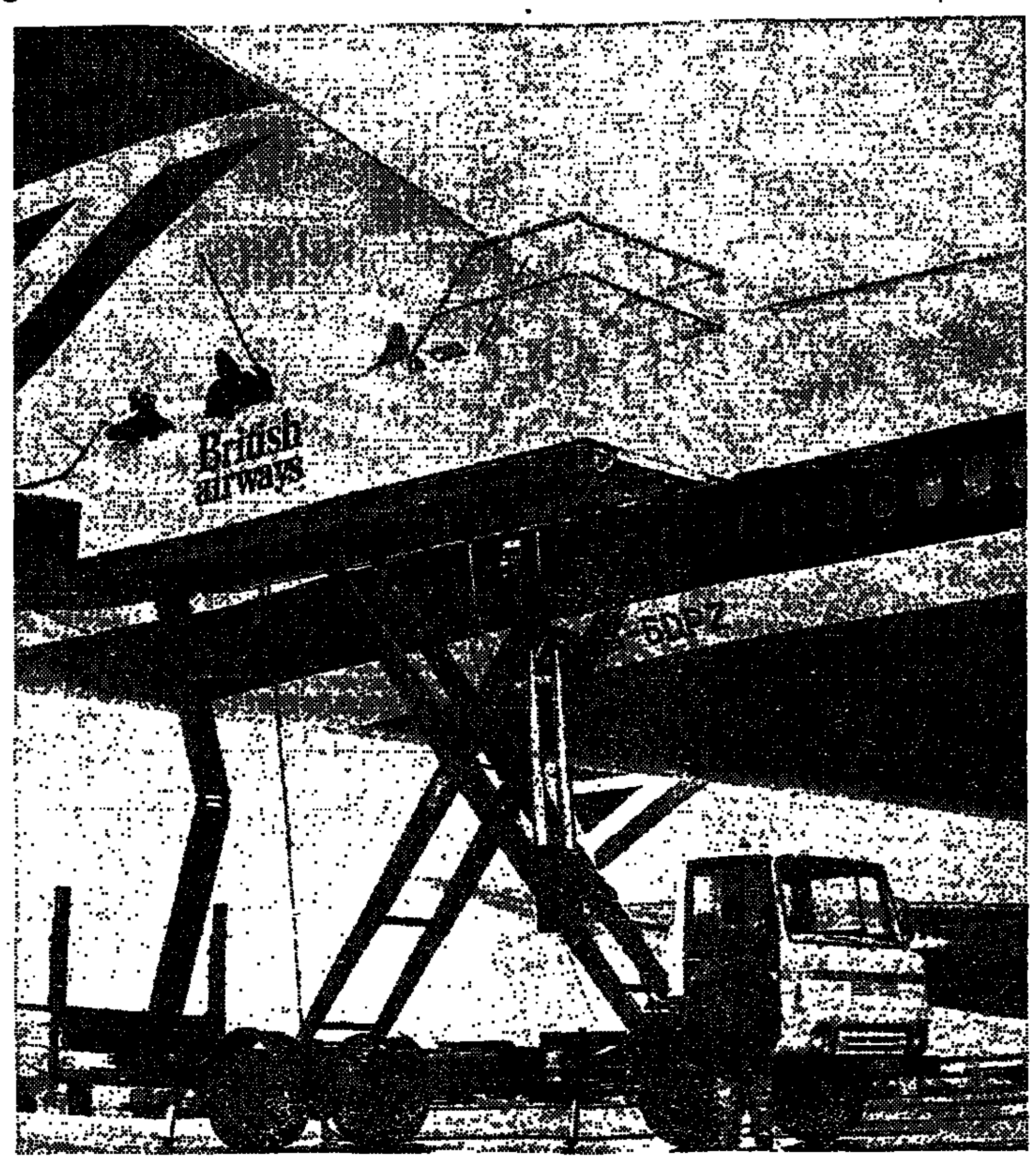
Of special significance, when so much reliance is being placed on a black box such as this, is the diagnostic program used to verify the proper operation of the calculator, as well as the correct interfacing between the program library and the calculator itself.

For celestial navigation, programs provided include time of sunrise/sunset/twilight; planet location; star identification; sextant correct; fix by two observations, etc. And in ocean racing or sailing, considerable assistance is given by programs which permit great-circle sailing, dead reckoning and rhumbline navigation; speed and course made good and distance and bearing to the mark. There is a modified wind program for loading into other routines.

For the less intrepid who want to stay close to shore, the coastal package contains time/speed/distance equations; distance to horizon; velocity needed to change relative position; velocity and current vector effects; course to steer/speed calculations and fix from two objects in latitude and longitude terms, among others.

Further details on this navigation package from Texas, attention John Gibbons, Manton Lane Bedford MK41 7PA. 0234 67466.

● MAINTENANCE



British Airways has taken into service two custom-built trucks for washing aircraft. One of them is seen here in use at London Heathrow. Built by Edbro of Bolton, Lancs, on Dodge Commando G11 chassis and powered by Perkins diesel engines, they can raise a washing team to a height of 24½ feet.

● MATERIALS

Board is easy to fix

AN ASBESTOS-FREE building board, 6 mm thick, made of calcium silicate, reinforced with cellulose fibre, has been introduced by Cape Boards and Panels, Iver Lane, Uxbridge UB8 2JQ (Uxbridge 37111).

Called Masterboard, it has a Class 1 fire rating, conventional hand or power woodworking tools can be used to cut, shape, and drill the board, which is sufficiently flexible to allow curves to be formed.

It is offered for lining eaves and porch soffits, pipe covers, heater and boiler cupboard linings and base pads, linings to walls, roofs and ceilings, integral garage linings, partitions, and facings to fire doors.

● POWER

Compresses air very quietly

ACOUSTICALLY controlled, an engineered package form of two compressors brings noise emission levels down below 75dBA, APE-Belliss reports.

Models VH15 and VL16 water-cooled reciprocating units, cater for most general and industrial air requirements in the medium-duty capacity range up to 16.3 cubic metres per minute (575 cfm) and pressures up to 10.5 bar g (150 psig).

Greatly reduced operating noise levels are combined with simplicity of installation, control and maintenance. There are no special foundation requirements.

APE-Belliss, Icknield Square, Birmingham, B16 0QL (021-454 2531).

● OFFSHORE INDUSTRIES

Watching over the flow

DUE TO be installed and commissioned shortly for the Texaco North Sea UK Company, is a £500,000 complex for the custody transfer of oil and gas in the North Sea. The complex consists of four stations that will provide metering and meter proving facilities for oil and gas production in Texaco's Tartan field.

The contract for the work involved was a joint undertaking between the two British companies. The engineering project management and design of the systems to the specification of Texaco's consultants Ameron of Croydon were the responsibility of Jiskoot Autocontrol of Tunbridge Wells, Kent, and fabrication of the giant skid-mounted stations has been undertaken by Heeco International of Thetford, Norfolk.

The four stations will handle crude oil metering and proving, natural gas liquid metering and proving, produced gas metering, and consumed gas metering. Their design provides for the very accurate measurement of each product transferred, a function that has become increasingly more important with the high cost of crude oil and gas now prevailing. Precise standards of measurement are also essential to calculate the excise duty payable according to both the quantity and quality of the product purchased.

Jiskoot recently developed a microprocessor based instrumentation system housed in DIN-size cases and conforming with the recommendations of the relevant Institute of Petroleum code. Instruments from this range play a key role in fiscal transfer instrumentation in the Texaco stations and also in automatic in-line sampling.

The automatic collection of representative product samples, which is a crucial part of the custody transfer operation in the stations, is undertaken by Jiskoot's Series 300 sampling system. The equipment is housed in glass fibre reinforced cases designed to withstand the severe corrosive conditions and extreme weather of the North Sea. It computes the sampling interval either in relation to flow rate and batch size for the loading and unloading of tankers, or in relation to time and flow rate for continuous flow conditions.

Over 80 sampling systems of this type have been built by the Tunbridge Wells firm, about a third of which service offshore and onshore North Sea oil installations. Others have been supplied for installations overseas.

● HANDLING

Will stack containers

ADDITIONS ARE announced to the range of handling equipment made by Nellen Kraanbouw and distributed in the UK by Barlow Handling Group, Airfield Estate, Maidenhead, Berks SL6 3QN (062 882 2151).

Following the 300 series, which lifts 45 ton containers one over two, is a new, small container handler — the 700 series. This will lift 40 feet containers up to 30 tons under the spreader, and stacks two-high. It has been developed particularly for stevedoring companies with a modest container throughput and stuffing and stripping operations.

The special design of the spreader on the machine, says the company, enables the driver to pick up a 40 feet spreader with the 20 feet spreader without leaving his cab or needing outside help.

Fitted with a DAF 615 water cooled diesel engine, the handler also has two 36kW generators and two 21.5hp hoist motors. It has a side shift of 150/150mm and an internal width of 3,200mm.

Included is the Ward Leonard diesel electric drive system whose special benefits, say the company, is the need for less maintenance than in diesel mechanical systems and the elimination of one of the major container terminal problems—that of surface damage caused by hydraulic oil spillage.

Further strengthening the container handling range is the introduction of the Nellen multi-purpose diesel electric N250L mobile crane, says its distributor. This is able to carry out heavy lifts up to 80 tons, 10 tons grabbing duties and handle fully laden 40 feet containers at a 26 metre radius at speeds normally associated with fixed container bridge cranes.

At present under construction with availability promised early next year is a rubber tyred container gantry crane that can stack up to five high and work in a container stack up to eight wide plus a road way.

Squeezes rod into coils

WIRE-ROD wound into coils up to 3.5-metres long, unpressed, and 1.5-metres diameter can be compressed and bound with four loops of wire ready for shipping or storage in 50 seconds on a new automatic machine introduced by Sunds AB, Sweden.

The loops of wire are tied with in-line knots that leave no projecting ends and are at least 90 per cent as strong as the wire itself. Wire from the same production plant can generally be used for the binding process.

First production model of the Pc-4 compactor is in operation at the works of Nueva Montana Quijano in Spain, where it deals with 1,300-kg coils of 850-mm inner diameter and 1,250-mm outer diameter at a rate of one a minute. The pressing reduces the length of the coils from approximately 2.5 metres to 1.2 metres.

Compactor stations can be installed in different kinds of hook conveyor systems, as well as work in combination with a capstan, normally without modification. Its main frame is fixed on a moveable carriage guided along the inner side of two rail sections and supporting four press arms (each with a binding unit), a central mandrel and two lifting arms.

Sunds AB, Fack S-85101 Sundsvall, Sweden.

Pumps corrosive liquids

ACIDS AND other corrosive liquids can be pumped up to temperatures of 100 deg C with the "R" pump from British Labour Pump Company which is now making the unit with a new grade of epoxy resin.

Pump casings and impellers are cast using a silica-filled epoxy, known as "Q" resin developed originally by Ciba Geigy for high temperature operation in electrical switchgear.

The pump now has a greatly extended operating life in the most aggressive chemical industry conditions. Many liquids such as ammonium chloride can be dealt with by the same pump.

Electrically driven, the unit can operate to maximum capacity of 56 cubic metres per hour, at heads up to 78 metres.

Denington Estate, Wellingborough, Northamptonshire (0933 225080).

● INSTRUMENTS

Signal generator

A SYNTHESISED signal generator covering 400 kHz to 520 MHz which is programmable, with most of the user instructions entered from a pair of keyboards, has been introduced into the U.K. by Aveley Electric.

Made by Rhode and Schwarz, the instrument can be combined with IEC bus compatible instruments and calculators without limitations. Output is to 100 Hz resolution and levels can be set in 0.1 dB steps between −137 and +13 dBm.

The instrument can be made to step through a number of pre-set outputs by entering the data on the keyboard with the size of the steps. Frequency is read out in eight digits, level in four (in microvolts, millivolts etc.) and modulation in three digits (in per cent or kHz).

Short settling times for all functions facilitate batch measurements of the kind needed in quality control, production and goods-inwards inspection.

More about the generator, designated SMS, from Roebuck Road, Chessington, Surrey KT9 1LP (01-397 8771).

Accurate torque reading

PEAK TORQUE delivered by power-driven impact tools can be rapidly checked with the Crane Electronics "impact-torque calibrate" unit.

Most powered fastening tools deliver the required torque by applying to the fastener a series of intermittent torques that vary from as low as zero to the maximum value set. The instrument records the largest single peak of torque and is suitable for use by quality control personnel for setting and checking tools used on any assembly line where torque applied to fastenings must be closely controlled.

Power is from rechargable batteries providing 4—6 hours continuous operation. The torque recorded is measured to within plus or minus 1 per cent and displayed on a red digital readout. The unit is supplied in nine separate ranges for use with most powered fastening tools.

Crane Electronics, Station Road, Stoke Golding, Nuneaton, Warwickshire, CV13 6HA. Hinckley (0455) 212157.

● SECURITY

Small TV network

FOR USERS of smaller closed circuit television networks, Reliance Systems is introducing a set of three basic packages. One is a camera and one monitor screen, another has two cameras needing one monitor screen with a two-way switch and the third package has two weather-proof cameras feeding one monitor with a two-way switch.

The latter cameras are to an improved design and have windscreen wipers and demisters, in addition to their protective housing.

Monitor screens can be 12 inch, 17 inch or 20 inch. An optional feature is a camera with a low light vision capability. This camera will give a clear picture at light levels down to 15 lux compared with the 150 lux levels used by normal cameras.

These packages are designed to be of use for small company security situations, ward surveillance in hospitals, visual aids for lectures in schools and colleges or as remote access systems for offices with central filing areas from which security documents must not be moved.

The Reliance RC22 camera is used in these packages — a 625-line television camera in a compact housing — only 140 mm by 90 mm by 230 mm long. It weighs 2.6 kg and is therefore no problem where installation has to be made in restricted areas.

Reliance Turnells, Mill Lane, Wellingborough, Northamptonshire, NN8 2RB.

● HEATING

Fluidised bed plant

ADVANCES in fluid bed boiler technology have been made with the introduction by Foster Wheeler of a design that allows the removal and replacement of all steam generating tube bundles both in-bed and above-bed, in a vertically stacked three-cell boiler.

This gives greater overall flexibility than fluid-bed coal-fired units built to date, and the company's U.S. affiliate has received a contract — valued at approximately £4m — to supply such a coal-fired fluid-bed steam generator and its fuel feed and ash handling systems for an "Atmospheric Fluidised Bed Combustion Test and Integration" facility (AFBC/CTIU) to be built at West Virginia University.

Aim of this project is the development of hardware required for the successful commercialisation of utility and industrial atmospheric pressure fluid-bed combustion units. Major objectives include evaluation and testing of materials, components and instrumentation and their integration into a workable fluid-bed boiler system.

Foster Wheeler Power Products, POB 160 Greater London House, Hampstead Road, London NW1 7GN. 01-388 1212.

● SAFETY

Survival in icy waters

DESIGNED for use in Arctic waters, the Imperial Survival Suit is made from 3/16th in closed cell neoprene, nylon-coated inside and out for strength, with the exterior in international orange for easy location in rescue situations.

Even if torn and filled with water, the suit will still provide support, as the material itself creates the buoyancy. If water does not get into the suit, it will soon be warmed by the inhabiting body and the thermal qualities of the material will keep the wearer warm, whether wet or dry. Any excess water can be drained by water outlet valves in the feet of the suit.

Essentially a one-piece unit with watertight front zipper, the hood, boots with skid resistant soles, and gloves are all attached and the only parts of the wearer exposed are the eyes and nose.

In an emergency vital seconds may be lost looking for a particular size. The suit is therefore made in one size only: up to 6 ft 8 ins in height and 280 lb in weight. Average donning time is less than one minute by persons totally unfamiliar with the garment. With practice, times of less than 20 seconds are not uncommon.

Tests carried out by the U.S. Navy Clothing and Textile Research Unit indicate that survival times of 18 hours and more can be expected from the suit in water temperatures of 35 degrees F (2 degrees C) when worn over normal clothing. Survival times for victims not wearing survival suits, in water of that temperature, is usually less than 30 minutes.

Elan Industries, PO Box 58, Seaford, BN25 3JB. Seaford (0323) 894961.

هكذامن الأجيال

THE ARTS

Opéra du Rhin, Strasbourg

Padmâvatî

by RONALD CRICHTON

Just over a decade ago the Strasbourg Festival staged Roussel's greatly admired but seldom performed *Padmâvati*. This autumn the Opéra du Rhin, centred on Strasbourg but covering Colmar and Mulhouse (and not to be confused with the Düsseldorf / Duisburg Deutsche Oper am Rhein further downstream) mounted the work again. This time they were helped by the Comité Albert Roussel, presumably a French equivalent of our Delius Trust—*Padmâvati*, requiring few soloists but a large orchestra, chorus and ballet, is a big undertaking for a medium-sized company. Producer (Bronislaw Horowicz) and designer (Théophane Matsoukis) were the same as before.

One lives in hope of hearing this elaborate, rarefied score, at once strong and elusive, really well done. The best I have heard was the concert performance at the Coliseum given by the English Bach Festival in the composer's centenary year, 1969. That had the advantage of Martinon's conducting but was diminished by the LSO's extraordinary decision to play not in the orchestra pit but on the stage, so that the sound trailed away upwards. *Padmâvati* is a strange, difficult, hybrid, an oriental tale only superficially related to such 19th-century spectaculars as *L'Africaine*, more an autumn flowering of the post-Wagnerian period in France that produced *Pelléas*, the *Ariane et Barbe-bleue* of Dukas and Fauré's *Pénélope*.

Debussy and Ravel dreamed—to some purpose—about the East. Roussel went there, twice — in 1893, and for a longer time in 1909. On the second occasion he travelled, in the chance company of Ramsay MacDonald, to the ruined city of Chitor near Delhi. The ruins and their legends so impressed Roussel that on his return he asked his friend Louis Laloy, orientalist as well as musician, to write him a libretto about the 13th century Queen Padmâvati, fair as a lotus flower, who killed her husband King Ratan-Sen and followed him to the pyre, rather than submit to the Mogul invader Alaouddin, who demanded her body as the price of sparing the city.

The situation, striking in itself, is short on incident—more suitable for a symphonic poem than a two-act opera. Roussel's decision to make *Padmâvati* an opera-ballet, reviving the extinct tradition of Rameau, only complicated matters. The dance scenes (warriors, dancing girls and palace women paraded in act 1 for the benefit of Alaouddin; funeral rites and the purification of *Padmâvati* in act 2) are well enough motivated, but they take up time that might have gone to deeper exploration of character.

The fact that this is a *tragic* opera-ballet puts an additional onus on the choreographer—gimcrack orientalism won't do, but Roussel's use of oriental scales does not automatically make the music suitable for genuine Eastern dancers. One can hardly hope for more than decent echoes of Fokin's *Prince Igor* and *Sheherazade*. In this vein, more or less, were Germinal Casado's dances at Strasbourg, reasonably well conceived but weakly executed.

Roussel's orientalism and his own strongly personal language only really fuse, briefly but memorably, in the passage describing the Queen's beauty, which becomes a kind of Padmâvati-motive. Sometimes, in the first act especially, one feels "this doesn't work," only to be confounded a few bars later by admiration for Roussel's superfine craftsmanship and delicate, poetic feeling. The Eastern colouring, however, is the least valuable part of the music. More important are the dark, sinister, brooding atmosphere and the tragic quality that gradually takes over. In a sense the score was a war casualty. Virtually finished when Roussel was called up in 1914, the orchestration had to wait until he was demobilised.

The first performance (at the Paris Opéra, for which it was written) did not take place until 1923, by which time the high-minded seriousness of the conception may well have seemed dated.

The Opera is *Padmâvati's* natural home, and to the Opera, it is said, this production will eventually go. It may need a little more than it has got at present to fill those spaces satisfactorily. Standards in the French regions have risen so much in recent years (and under Alain Lombard the Opéra du Rhin has won a good deal more than local respect) that one may, I hope, be forgiven for feeling some disappointment. Roussel's choral writing is often divided, with generous use of *bouche fermée* effects that easily go straggly: the Strasbourg chorus was not always strong enough to make up for limited numbers. The sense of shape and forward impulse shown by the conductor, Claude Schnitzler, brought good orchestral playing in the second act. Some of the first had been edgy in the wrong way. Played without sufficient finesse or conviction, Roussel's dissonances sound simply wrong.

Of the soloists only Jules Bastin as the Mogul conqueror and Vinson Cole in the small but telling part of the Brahmin had the measure of the music—every phrase carried, almost every word was clear. Yet even Mr. Bastin was defeated by the producer's feeble handling of the final scene, where Alaouddin bursts into the temple to find a column of smoke rising from the royal couple's ashes. Ratan-Sen and Padmâvati were both replacements. Moises Parker has a warm tenor voice of some promise and a striking appearance, but his French is poor and his gestures inhibited. Ani Yervanian sang musically, but projected and moved shyly, not the first singer to find Padmâvati's low tessitura uncomfortable. One point of progress since 1967. The performance I heard then was poorly attended. The other night Strasbourg's pleasant theatre was full.

More Roussel the following evening in Paris, at the Palais des Congrès in the complex that also houses the air terminal. Here the Orchestre National, under Pierre Dervaux, played the Third Symphony. The large hall (over 3.500 places) is a little too resonant. Noticing that some of the detail in Chabrier's rumbustious *Gwendoline* overture went for little, one feared for the Roussel and for Stravinsky's Capriccio, which was to follow after the interval. Yet in these thinner scores the lines did not tangle but expanded in a way unusual yet not unpleasant. *Little was lost—except* immediacy.

Dervaux's broad view of a symphony often bustled through as though the logic of the musical argument were what chiefly mattered, was not dependent on slow speeds. Some of them, in fact, were definitely fast. The slow movement, the finest of the four, could be heard to relate to *Padmâvati*, not in exoticism but in grandeur and sonority. It was a pleasure to hear the pianist Monique Haas again—cool, elegant and affirmative as ever in the poker-faced playfulness of the Capriccio, a work which seems to our loss, to have disappeared from English programmes. Pianist and orchestra both ensured that Stravinsky's sallies came whizzing like darts through the hall.

Padmâvati: Moises Parker as Rat-Sen

Television

Darwin: the best in the world

by CHRIS DUNKLEY

No apologies are offered for returning to the subject of *The Voyage Of Charles Darwin* because now that we have seen all seven parts it is clear that what started out looking like a pretty good series has proved in the end to be the greatest achievement on British television this year. And since the world at large—according to the verdicts regularly handed down by international awards juries—seems to have decided that British television is the best there is, it is not unreasonable to go further and say that this was quite probably the best television production in the world in 1978.

Ironically *Darwin* may not win all that many awards, however. All the top competitions, festivals, and prize schemes are arranged to allow juries to consider single programmes. This is both unfortunate and absurd since the most fundamentally important fact about television is that by using its continuous availability in the home it can undertake extended part works in which the cumulative achievement is greater than the sum of the parts.

Aside from the low cost per head of audience, it could be argued that it is in this respect alone that television is superior to the cinema or theatre. In technical/aesthetic terms it has always appeared to me to be the most significant characteristic of television. It does, therefore, seem rather silly that the only way to win any of those famous awards is by making one-off plays, or series episodes which happen to look particularly good on their own.

Still, whether or not *Darwin* wins a Zinc Stoat or two is immaterial: the important thing is that like so many of the best television productions this series managed to fulfil not just one of the famous requirements of broadcasting listed in the preamble to the BBC Charter, but all three simultaneously: it was "disseminating information, education and entertainment" all at once.

It was also like so much that is really good on television in being beyond categorisation: you could be sure that it wasn't sport, situation comedy or current affairs but beyond that it was hard to define.

It could, for instance, have been run quite happily in one of the religious slots, and not simply because religion on television has (thank goodness) recently ceased to deliver undiluted Christian propaganda and started instead to range more widely and sensibly over the world's philosophies. *Darwin* could fairly be called a "religious" series in that it described, without ever becoming boring, the changing shape of one man's religious thinking from unquestioning belief as a boy, to heedlessness as an undergraduate, through doubt as a scientist to final disbelief.

Nor was this consideration purely incidental to the series; the effects of Darwin's deductions upon religious thought were profound, and it was important that something of this should become apparent on the screen, preferably via his own attitudes. It was managed quite unobtrusively in the course of conversations, first among his family, then—centrally—in the wardroom and with FitzRoy aboard the Beagle. The climax came, of course, with the famous meeting of the British association at Oxford which was reproduced for the last episode.

There have been complaints that the series gave too little time to events after the voyage, and certainly more would have been welcome. Yet the title was *The Voyage* and not *The Life* of Charles Darwin, and assuming that the budget simply would not stretch further the distribution *of time seemed right*.

To return to definitions though: the series certainly deserves the description "documentary" since producer Christopher Ralling and writer Robert Reid appear to have worked scrupulously from the papers and journals of Darwin, FitzRoy and others. It is hard for a layman to be sure, but from the checks which are easily possible it seems that all temptations to enhance *reality*—even in the smallest details—were resisted.

One of the most satisfactory aspects of the series stemmed from this: the repeated necessity to remind oneself that although it often looked like a Hollywood epic it was actually all true. Yet it was conveyed by actors, and thus in addition to being a "religious" and a documentary programme it was also a drama.

Nor was it just second-rate drama employed in the service of other interests; from Malcolm Stoddard and Andrew Burt playing Darwin and FitzRoy, right through to the extras who pulled the Beagle's gig, the standard of acting was first rate.

No matter how good the acting, though, the whole thing would have remained simply a good location-based drama (with the special attraction of a working sailing ship) if it had not been for the animal photography in the Galapagos and elsewhere. This, which qualified the production to call itself a wildlife series in addition to being a religio-docu-drama, gave it a very special attraction.

But perhaps its greatest virtue in the end was the way it exploited that ability of television to accumulate facts and impressions, scenes and ideas, week by week, and build from them something immensely impressive. At the centre of the programmes was the idea of natural selection and the most important single function of the series was to show with admirable coherence the steps which led to its formulation: Darwin's early hunting, biology at Cambridge, the prehistoric skeleton, the seashell fossils high in the Andes, the specialisation of animals in the Galapagos, and *the final reluctant publication*.

Its triumph was in conveying that idea and so very much more at the same time.

The other compulsively watchable series of this season has also been a drama firmly based on history, though this one has all the attractions of a fairytale: kings and queens, palaces and untold riches, glitter and gaiety, *and at the focus of attention* the story of a commoner and a prince — *Edward and Mrs. Simpson*, of course.

However, right at the centre of the effect accumulated by this series is a conundrum, and one which I suspect has been created by television and not passed on from history. The story of the abdication is nothing if it is not a love story, yet there is nothing about the character of Mrs. Simpson as written and acted here which any sane man would find lovable. The Prince of Wales (or "David" as we have all learned to call him) is presented as eminently sane. Therefore somebody has got something wrong somewhere.

In fact they seem to have got quite a lot *wrong: while the* "royalist" faction is blessed with convincing characterisations and most impressive acting—notably from Edward Fox as the Prince, Peggy Ashcroft (superb) as his mother, and Nigel Hawthorne as his lawyer—the other faction is startlingly unpersuasive.

It is not just Cynthia Harris's *Mrs. Simpson, but also Jessie* Matthews as her Aunt Bessie with an accent which sometimes suggests South Carolina and sometimes South Mimms; and also David Waller playing Stanley Baldwin in such a way that one expects him at any moment to exclaim "Pshaw!" with the emphasis on the P.

None of this will stop 15m viewers watching *the final* episode tonight and greatly enjoying it no doubt. But it has stopped the series achieving greatness.

Never did any attempt at upstaging come such a desperate cropper as that of Independent Television Sport on Tuesday last week. Sidling into the schedules one day ahead of BBC's well established annual *Sports Review*. ITV transmitted (for the first time) the *Sports Writers Annual Awards Night*.

Whereupon winner Steve Ovett turned down the prize, and nominees Kevin Keegan, Ian Botham, Lester Piggott, Arnold Beckett, and the entire Liverpool football team proved unable to attend. Lacking the satellite links which allowed the BBC on Wednesday to see and talk to Botham in Australia, Ali in America, and so on, poor old ITV Sport were reduced to showing us Dickie Davies laughing with understandable nervousness as award winner Daley Thompson made unmistakable gestures at award winner Sharron Davies and announced that it was not the 16-year-old swimmer that he fancied but her mother.

If this is an example of the standard of sports programme with which ITV expect to supplant the BBC one can only pity soccer fans as they await the disappearance of *Match Of The Day* and the appearance of ITV's alternative series following its famous soccer deal.

Malcolm Stoddard with the "Beagle"

Old Vic

The Gingerbread Man

by MICHAEL COVENEY

Last year's seasonal hit by David Wood was revived on Monday afternoon to the obvious delight of an audience in the four to ten-year-old age bracket. It is a beautiful and original piece of work, featuring the residents of a Welsh dresser in the Big Ones' kitchen. The Big Ones are the adults, who only impinge in the form of loud voice-overs, threatening the dustbin for Herr von Cuckoo, their appetites for the Gingerbread Man.

Von Cuckoo (Larry Dann) has lost his voice, thus diminishing the effect of his hourly Tyrolean emergence from the clock. His friends, the condiments of the house, are worried about him: Salt (Tim Barker) is a cheery, bearded soul in blue and white stripes and given to nautical phrasology; while Pepper (Cheryl Branker) is a red hot *chanteuse* who can reduce you to sneezing fits with a twist of her grinder.

Salt and Pepper discover Gingerbread Man behind a rolling pin and bring him to life by creating a physiognomy for him. The biscuit, cherry-lipped and currant-eyed, dances and springs happily all over the place (and Neil Fitzwiliam is a very spring-heeled dancer), offering to bounce onto the top *shelf and rescue some honey* for von Cuckoo. From that point on the adventures proliferate, involving the Old Bag (Judith Bruce), a sad remnant in the tea-pot, anxious lest anyone touch her tiny perforations; and Sleek the Mouse (Keith Varnier), a gangsterish rodent in search of a nibble who is finally trapped under a large mug by the others with the vociferous aid of the audience.

What is refreshing and unusual about the show (for which Mr. Wood has also provided some charming songs) is that no one character has a monopoly on our sympathy. They all share it. Even the Old Bag, who starts off by chasing the Gingerbread Man off her shelf, wins our favour by learning to make friends. And the Mouse has his attractive side, scampering around in a pin-striped suit and failing to be as dastardly as he would wish, even if he *does* want to eat something brown and gingery. Salt, Pepper and the Gingerbread Man can all command in equal proportions the support and attention of the children, a fact that pays off wonderfully well in the cleverly orchestrated mouse-trapping.

Finally, with von Cuckoo *restored to full voice, everyone* is allowed to let rip in good old panto-Tyrolean style. My five-year-old companion hardly needed asking. She was on her feet and yodelling fit to burst. I bet even Derek Jacobi, our latest Old Vic matinée idol, has never heard such a delighted racket as the curtain falls.

The director is Jonathan Lynn.

Arts Theatre

The White Deer

by WILLIAM PACKER

Adrian Mitchell's adaptation of "The White Deer," James Thurber's charming fable, has much to recommend it, cleverly written and well produced by the Unicorn Theatre for Children, at the Arts Theatre, with simple but solid sets and good effects. And the company is good, too, Michael Wynne, genially lugubrious as the good King Clode, his three sons, Thag, Gallow and Jorn, all handsome, their wit and virtue, as is only proper in a fairy tale, in inverse relation to their seniority. Judy Riley is the perfect, beautiful, over-forgetful princess, the still centre around which the story turns.

The three princes persuade their father to take them hunting in the enchanted forest. There they find the white deer, which at length they bring to bay: whereupon, to their natural astonishment, but not the king's, who had had the same trouble with their mother, it turns *into* the princess. The sons, of course, aspire for her hand, and must compete by undertaking severally the perilous quests for the golden tusks of the Great Blue Boar and to face the Dragon of Dragore and the Mock Meek of Chardor. She meanwhile still struggles to remember who she is. Things are never quite what they seem; the Wizard Ro keeps a kindly, watchful eye on events; and all comes right in the end.

It is a play, not a simple entertainment, and does demand close attention if each turn in the fairly complex story is to be followed, and the continual subtle play on words that characterises Mr. Mitchell's nicely judged and literate text successfully caught. It is, therefore, rather more suited to the older child, whose concentration is less likely to wander. But, if the audience is quiet and attentive, "The White Deer" will make an excellent Christmas treat, with a great deal of pleasure to offer.

V & A Christmas raffle

The Associates of the Victoria *and Albert Museum (the V and* A's own charity) has launched the first V and A Christmas raffle. Prizes are original works of art by leading contemporary artists. All the artists have donated their work for the benefit of the Museum.

The pictures include watercolours, etchings, aquatints, lithographs, a collage, a drawing and a screenprint—several of which are valued by Christie's Contemporary Art at £500 and more. *Altogether, 11 pictures are to be* raffled and are on view in the main entrance of the V and A.

Tickets are available at the main entrance or by post from Nicky Bird at the V and A. The draw is to be held tomorrow with a champagne reception at the V and A and will be made by Dr. Roy Strong from a facsimile of the largest wine cooler in the world made by Charles Kandler, circa 1740.

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An error by Mr. Desai

THERE CAN be little doubt that Mrs. Indira Gandhi went well beyond the requirements of the public interest when she *wielded autocratic power* under the emergency between 1975 and 1977. In particular, there can be little doubt that she abused her powers to further the personal interests of her son Sanjay. She certainly acted as if she were above the law, and it is arguable that she may have acted illegally. But it is extremely doubtful if the lower house of the Indian Parliament has acted wisely in voting to condemn her to jail and to expel her from the house.

In the first place, Mrs. Gandhi's imprisonment will only last a matter of days, since the courts have ruled that a parliamentary sentence of imprisonment can only last while parliament is in session, and the current session is due to end very soon. If Mrs. Gandhi did indeed commit acts which deserved parliamentary impeachment, then she should be liable to a retribution of corresponding severity. For the Indian Parliament to have gone through the motions of passing a derisory sentence can only bring the Parliament itself into disrepute.

Appeal

In the second place, Mrs. Gandhi's expulsion from Parliament will be equally short-lived, since there is little doubt that she will stand again for the seat which she won only two months ago, and every likelihood that she will win it again. Indeed, it is quite probable that her popular appeal with her own supporters and potential supporters will be strengthened by the incident. In this case, too, the Parliament will have undermined its own reputation.

But what may look on the surface like a farce is in reality another oscillation in the dangerous see-saw of imprisonment and counter-imprisonment which has bedevilled Indian politics for the past few years. Mrs. Gandhi declared the emergency in 1975 after being found guilty of electoral malpractices in Gujarat state elections. During the emergency she locked up a number of her political opponents, including the present Prime Minister, Mr. Morarji Desai, with little or no justification. After her shock defeat in the 1977 general elections she has now started her political comeback, with substantial gains in the south, and on any sane examination of the pattern of events since 1977 it seems obvious that her political opponents are looking for any weapon with which to damage her, whether judicial or political.

Mr. Desai has asserted that he is not conducting a political vendetta against Mrs. Gandhi. But if his Janata Party wishes to ensure that Mrs. Gandhi does not return to power, does not have an opportunity to declare a new state of emergency, and does not once more have the power to imprison her opponents, then it is almost certainly going the wrong way about it. Mrs. Gandhi is being helped to a martyr's crown at virtually no cost to herself, and it may well help in uniting the two wings of the Congress Party behind her. In the north of the country she will have a long way to go before she overcomes the bitterness at the forced sterilisation policies carried out by her son Sanjay, but in a week's time her position is likely to be stronger than it is today, and her temptation to look for revenge will also be stronger.

Grey area

It is possible that the authorities in Delhi will now frame criminal charges against Mrs. Gandhi, and may even set up a special court to accelerate the process of hearing the case. Such a move would almost certainly be unwise. Mrs. Gandhi may have acted outrageously under the emergency, but the crux of the matter is that she should never have declared an emergency. Once it had been declared, the way was inevitably open for her to act in abnormal ways, and the grey area between *raison d'état* and criminality must in almost all cases be exceptionally difficult to define. In any case, a court of law is not the right forum for handling political problems.

The right way to deal with political offences in a democracy is through democracy. It did Mrs. Gandhi credit that she submitted to a popular verdict in 1977; the electorate swept her away.

The Janata Party's pursuit of Mrs. Gandhi is symptomatic of its weakness, its divisions and its ineffectiveness as the party of government. The economic situation is relatively favourable, yet Mr. Desai's cabinet shows no sign of being able to lead the country forward. Its obsession with the past is a dangerous omen for the future. India's two greatest assets are its democratic tradition and the independence of the judiciary. Both may be threatened if the cycle of vindictiveness and revenge is not halted.

A new voice on Europe

IT IS a long time since a senior British politician has made such a pro-European speech as that delivered by Mr. Francis Pym, the shadow Foreign Secretary, in London yesterday.

Mr. Pym, of course, is new to his job and is entitled to claim, as he did, that he was merely taking an old Tory theme from the shelf and bringing it up to date. In that sense there was no really fresh departure. Yet the fact remains that for the past year or so the theme has been more or less discarded by the party leadership. The Tories, for example, could not even bring themselves to recommend full British membership of the European Monetary System and have increasingly tended to regard Europe as an electoral loser—a subject if not for outright distaste, at least for embarrassment. Mr. Pym has now put an end to the neglect and is a sufficiently senior figure to ensure that the subject will not again easily be pushed aside.

Dynamic

What he said was not particularly original, though none the less valid for that. There were three main points. The first is that the case for continued British membership of the European Community is even stronger today than it was at the time of the referendum in 1975. As the British role in the world declines, the more essential it is to have some larger body through which to operate. The Community today is involved in the world as a whole in a way that would have seemed almost inconceivable only a few years ago. Outside the Community, Britain would be a very small power indeed. Inside, it at least has the power of influence.

The second point is that the way to get the best out of membership is to behave as a full and convinced member. It is a question of building up British credit not only in the interests of the Community, but in order to get the best possible deal when it turns out that there are special British circumstances — as in the case of fishing.

The third point is crucial. It is that it is no longer possible to accuse the Community of shirking the big issues. In the course of next year the Community will launch the European Monetary System, there will be direct elections to the European Parliament for the first time, and there will be further progress towards enlargement. Those are not the developments of a body that has lost its momentum. On the contrary, Europe may, almost in spite of itself, be about to acquire a new dynamic. The risks of being outside, or of participating less than fully, are those of isolation from mainstream events, and with no other natural partners.

Defeatism

It is likely that the events of next year will compel the British people to take a closer interest. It is difficult, after all, to imagine direct elections taking place without arousing some sort of curiosity, not only in the campaign but also in the results and their effects. Yet one cannot say that the country as a whole is well prepared. For the Conservatives, Mr. Pym has at least performed a service in bringing the issue again to the fore.

If Britain is weary of Europe—of negotiations, renegotiations and referendums—it is because so few politicians nowadays are ready to give Europe any credit, while so many are ready to use it as a scapegoat. That goes for the Labour Party especially, and for obvious reasons. But it had also become part of the Tory approach. The point made by Mr. Pym is simply this: since Britain is a member of the Community, why not take advantage of it? It is a measure of the creeping British parochialism and defeatism that such a thought should have come to be considered politically dangerous, and that one should need to single out someone who dares to express it.

Why the proliferation-proof nuclear cycle is a myth

BY DAVID FISHLOCK, SCIENCE EDITOR

YESTERDAY'S disclosure that International Computers may have trouble importing U.S. "chips" for its computers if it cannot promise that none will ever end up working in certain aspects of Britain's civil nuclear power programme is a pointer to just how wide the U.S. Government has cast its net. It will set many companies which have never thought of themselves as part of the nuclear industry reading the fine print of the new U.S. Non-Proliferation Act, in search of ways in which they, too, may fall foul of the U.S. Administration's bewildering efforts to prevent the proliferation of nuclear weapons.

Yet there are clear signs that from the present chaos of international relations in nuclear energy some sharper thinking has begun to emerge about the strengths and weaknesses of present attempts to prevent proliferation. The Uranium Institute, for example, representing a broad section of the nuclear fuel industry—customers and processors as well as uranium producers—has this week published some thoughtful guidelines for governments genuinely wishing to prevent proliferation without hobbling a major new energy source.*

Again in Washington earlier this month five senior industrial scientists with long experience of both the technology and politics of fissile materials appeared before the commissioners of the U.S. Nuclear Regulatory Commission—roughly equivalent to Britain's inspectors of nuclear safety—to give new evidence on the problem of nuclear proliferation. They appeared at the invitation of the commissioners themselves, as a direct result of an event which took place in London late in September, when one of the commissioners spoke at a conference on nuclear fuel.

On that occasion Mr. Victor Gilinsky, a scientist with views broadly antagonistic towards the development of nuclear energy, was highly critical of the decisions of Britain and France to go ahead with the commercial reprocessing of spent nuclear fuel. They had embarrassed the U.S. Government, he said, by signing large contracts to reprocess overseas fuel. These contracts would involve separation of about 75 tonnes of plutonium—"enough for about 10,000 nuclear weapons."

By going ahead, he argued, Britain and France had left the U.S. with only three options. It could veto movement of the fuel and "pull the rug from under its close allies and friends." Or it could accept defeat in its efforts to control reprocessing and the widespread use of plutonium before adequate international safeguards had been agreed. Or it could extend permission for reprocessing in certain cases but place strict conditions on the return of plutonium to the nation which owned it.

Mr. Gilinsky's attempts to defend the U.S. policy for preventing proliferation, which focuses almost exclusively on the proscribing of civil plutonium, infuriated the five scientists. His staunch defence came at a time when serious cracks were appearing in the underlying logic of the U.S. position. These were being aired above all in the meetings of the International Nuclear Fuel Cycle Evaluation (INFCE or "infchee" as Americans prefer to pronounce it). INFCE is the multi-national investigation—56 nations attended the recent review in Vienna—of the proliferation question, launched by President Carter at the London Summit in May, 1977. It aims to see whether in the rush to exploit a new energy source the problem of proliferation has been neglected. Is there a "proliferation-proof" way of harnessing the atom, as President Carter had plainly been led to believe?

Equally risky

As a result of their protests at Commissioner Gilinsky's unrepentant defence of U.S. policy, the commissioners invited Dr. Chauncey Starr, president of the Electric Power Research Institute, a Californian "think-tank" for the electricity supply industry, to present his views on the widely sought "technical fix" for proliferation. Dr. Starr has been embroiled with the question of proliferation since the end of the war, when as an expert on uranium enrichment he was asked by the U.S. Government to help assess the risk and propose controls. Last Friday he and his colleagues told the commissioners bluntly that there was no way of using nuclear energy and guaranteeing by technical means that there could be no possible diversion into weapons. He also argued that U.S. policy was deliberately ignoring aspects of nuclear energy equally risky, or even more so, from a proliferation standpoint.

In an exercise which Dr. Karl Cohen of Exxon Nuclear, one of the world's leading authorities on uranium enrichment, irreverently called "spoon-feeding the commissioners," the scientists sought first to establish precisely what was meant by proliferation. Proliferation, said Dr. Starr, was simply "nuclear weapons acquisition by a non-nuclear state." Diversion was the use of fissile material intended for civil nuclear power, or other peaceful ends, for weapons. And latent proliferation was the acquisition by non-weapon states of skills and facilities easily turned into weapons at short notice.

Expressed thus, says Dr. Starr, all nuclear fuel cycles possess some potential for diversion. There is no way that technology can prevent a calculated plan by a country to make nuclear weapons.

He also explains that practical knowledge of fissile materials and their refinement—reprocessing to separate plutonium, for example—comes not from operating plants but from developing the technology oneself. Put another way, the risk lies not so much in selling a non-weapon state a complete reprocessing plant but in encouraging such states to develop their own from scratch, by forbidding such sales. In that way they learn a great deal more about a very tricky material. On the other hand, plant operating skills are quite inappropriate to the design and development of nuclear weapons.

But technology, as Dr. Starr sees it, can play an important role in helping to control proliferation. For example, technical barriers can be erected to minimise the danger of a sudden national decision to develop a weapon, or of diversion by terrorists. It can aid international inspection and accounting of fissile materials. It can increase the warning time available for other nations if inspection ever discloses an intent to make weapons. It can be used to make the materials very readily detectable if stolen—a "hot" fuel assembly spiked with gamma-emitting radio-isotopes can be detected at distances of up to five miles simply by flying a modern sensor overhead.

All these uses of technology will substantially reduce the probability of anyone misusing the nuclear fuel cycle as a source of nuclear explosive, he believes. But they will not offer the ultimate "technological fix" for proliferation — the magic fuel cycle, as Britain's experts have called it — which Mr. Carter's advisers assured him could be found. Technology, says Dr. Starr, is something which has to be blended adroitly with diplomatic and institutional measures in order to safeguard nuclear technology against misuse.

Dr. Karl Cohen, a key figure in the original electromagnetic enrichment process which produced the explosive for the Hiroshima A-bomb, has produced the evidence that in focusing exclusively upon plutonium the U.S. is overlooking—perhaps quite deliberately—the proliferation risks of enrichment. The U.S. reprocessing plants for spent nuclear fuel are privately owned. The enrichment plants are owned by the Government and produce materials both for fuel and for nuclear weapons. The U.S. Government has shown no readiness to place under international inspection either its existing diffusion plants, its pilot centrifuge plant at Oak Ridge, or the new gas centrifuge plant it is building at Portsmouth.

Carter — his non-proliferation policy has come under a highly critical international examination.

Yet according to Dr. Cohen, the gas centrifuge is a high proliferation risk. A centrifuge plant can be readily adapted to produce highly enriched material for weapons, either by changes to the way machines are coupled or by simply recycling uranium through the plant. Moreover, the centrifuge, already at an advanced stage of development in at least seven or eight countries, is a less difficult technology to harness than electromagnetic or laser enrichment.

Dr. Cohen sums up the risks from enrichment as follows. A free-standing process purely for small-scale development of weapons—say, by centrifuge—would be very hard to detect. Diversion from a civil enrichment plant with the addition of a "topping" facility for highly enriched material would be even harder to find. A nation bent on producing nuclear weapons would find enrichment four times easier if it started with fuel enriched to the level—about 3 per cent—used in light water reactors than if it started from natural uranium (the material allegedly hijacked from the EEC by Israel). But a nation starting with the less highly publicised fissile material uranium-233 would find it 50 times easier than if it started with natural uranium.

According to Dr. Cohen, if one estimates that it would need 1,135 gas centrifuges of a given size to produce enough fissile material for one weapon starting with natural uranium, and 275 centrifuges to produce enough fissile material starting with uranium enriched to the level of light water reactor fuel, it then would need fewer than 20 centrifuges to produce enough uranium-233 from spent fuel from the "denatured" thorium fuel cycle.

The significance of this lies in the ideas promulgated by Mr. Carter's advisers that a proliferation-proof fuel cycle can be found by using thorium as part of the fuel. The fallacy was exposed to the commissioners by Dr. Joseph Dietrich, chief scientist of Combustion Engineering, who concluded that no such fuel cycle would ever be proof against proliferation. At best such a cycle could assist institutional barriers—but its cost-effectiveness for this purpose would be low.

The straight thorium cycle uses a mixture of uranium and thorium, reducing uranium requirements by about 16 per cent for light water reactors. The fuel contains two fissile materials, uranium-235 and thorium-233, at high levels of enrichment. The spent fuel is contaminated with a gamma-emitting isotope, which is certainly a handicap in recycling unused fuel back through the reactor, but not for anyone refining it to make weapons.

If the mixture of fissile uranium and thorium materials is denatured by adding natural uranium, the fuel becomes unuseable as an explosive. But, as Dr. Cohen has shown, the mixture can be separated fairly easily by a few centrifuges to yield pure uranium-233. And a bomb can be made from as little as 4 kilograms of uranium-233 (see table). What is more, like almost every other reactor, one using the denatured thorium cycle will produce plutonium—in copious quantities—in its spent fuel.

These scientists were providing in a single strong dose the message which has been drawn together in the form of over 150 working papers by the working parties of INFCE over the past year. Some 56 nations participated in the half-way review meeting in Vienna at the end of last month. The gathering was dominated by the diplomatic activity of the American delegates in arranging bilateral meetings to try to ascertain just what, if any, of its non-proliferation policy might survive the highly critical international examination their President had himself initiated.

MATERIAL REQUIRED TO MAKE ONE A-BOMB

Pure uranium-233	4 kg
Pure plutonium-239	4.5 kg
Co-processed (uranium-plutonium fuel mixture)	50 kg
Fast reactor fuel assembly	1
Light water reactor fuel assembly	2

Source: Electric Power Research Institute

Already, as some of its proponents in Washington ruefully admit, this policy has proved highly vulnerable to political and diplomatic expediency, starting with the U.S. Government's agreement last year to let Japan reprocess spent nuclear fuel. Moreover, by focusing exclusively on plutonium and the commercial nuclear activities, the policy neglects the far more widespread dangers of obtaining enough fissile material from research and development activities already available in most if not all the 56 participating nations of INFCE.

The chances seem good that the second year of INFCE will be used to develop new diplomatic and institutional arrangements for reducing the risks of proliferation in all its aspects, with the quest for a "technological fix" taking a supporting instead of the dominant role.

As Dr. Starr and his colleagues see it, the discussion must refocus on five areas in which the International Atomic Energy Agency needs to strengthen its position:

- Promulgating safeguards and accountability rules for fissile materials — something it has not yet done.
- Strengthening its international inspectorate.
- Establishing criteria for the inspection of all nuclear power cycles and research facilities.
- Establishing real-time international flow-patterns for fissile materials—in effect, a "war room" where all such movements are displayed and monitored simultaneously.
- Providing mechanisms for the unambiguous determination of diversion, should it ever occur. (A false accusation that a nation is breaking the rules could have immense diplomatic repercussions).

Internationally, the idea is gaining strength rapidly that the point at which to start creating new institutions is the international storage of plutonium: there is a definite need; the problem is self-contained: it is not commercial; and it involves no "sensitive technology." The more pragmatic U.S. officials dealing with proliferation have begun to join such countries as Britain, France and Holland in this view. They also accept that, because of the problems of internationalising even this small corner of the nuclear industry, the time to start is now, so that a scheme might be well advanced by the time INFCE formally finishes early in 1980. Perhaps for that reason the first meeting to discuss setting up the first international plutonium store, in Vienna this month, attended by 21 nations, was acclaimed a success. The planning has started and by the early 1980s, Britain may well become host to the first of a new breed of nuclear facilities, constantly under international surveillance.

* *Government influence on international trade in uranium*, pp 20. Uranium Institute, New Zealand House, Haymarket, London, SW1.

MEN AND MATTERS

Insurance for a brewer's dray

Those chilling television films about the fate of people who drink and drive come from a £1m budget which the Department of Transport is spending on public safety announcements over the holiday period. It is money well spent, according to the Royal Society for the Prevention of Accidents, even if it is openly critical of the DoT for not giving more priority to tightening up legislation on drunken driving.

The Society's figures are disturbing. Last year the 6,700 deaths and 300,000 injuries in traffic accidents cost the country an estimated £1.2bn according to Michael Reed, the Society's director of road safety.

"In 30 per cent of accidents drink is involved," he tells me, though he adds that existing legislation "allows one to drive a brewer's dray through the rules."

Reed is particularly critical of the delay in implementing the recommendations of the Blenner Hasset report of April 1976. This would bring cases far more quickly before the courts and would simplify the process of hearings. It has been accepted by the Secretary of Transport, according to the DoT. "It is up for the Cabinet to decide when it should be given parliamentary time. With the problems facing the country and a possible general election it might be the least of the government's worries," the DoT says blandly.

Just as controversial to the Society is the growing issuing of policies to insure those convicted of drunken driving against the costs involved in laying on alternative transport and, say, a chauffeur.

Such policies are issued by at least two companies, apparently registered in the Isle of Man. Reed says he is "very unhappy" at such policies being allowed: "They mitigate the full weight of the penalties laid down by law. It is a serious matter to kill or maim and people should pay the full consequences."

"If that wreath isn't for Christmas the dollar's worse than we thought!"

Lawyers too argue that, though not inciting, aiding or abetting a crime, such policies do appear to run "contrary to public policy" and thus might be void.

But they tell me it is a "grey area"—which seems to be the attitude of Lloyd's too. It told me that it did know of several policies being collected on. When I asked whether it was not a policy to reduce the risks of breaking the law it commented "To date whenever a matter of such insurance comes before the Committee of Lloyd's it has always been turned down."

In the midst of such criticism and the fear that such policies might encourage people to run risks it was a surprise to find members of the DoT apparently welcoming them. As one told me: "Personally such cover seems rather a good idea. It takes away the temptation of driving while disqualified."

East meets West

Management perspectives for economic growth and human welfare was the awe-inspiring title of a conference just held in the Vice-Regal style conference hall in New Delhi. A colleague reports listening enthralled to a discourse by a South Korean general of industry on the plethora of profits and dearth of labour trouble in his country: "Strikes are forbidden under our constitution," he said before continuing on the country's economic miracle.

Coming after this glowing homily in favour of free enterprise Paul Appell, president of the French Management Association, seemed almost lost for words. However, when asked to define an "entrepreneur," Appell at last found his stride, saying with dry Gallic relish: "He is a pig."

Hope and glory

Britain, it seems, is none-too-popular in Community circles—or so one might gather from a Euro-joke now circulating in Strasbourg.

Question: How would you recognise the plane bringing the British delegation?

Answer: When you turn the engine off it still continues to whine.

Fallible

Now that cut-price transatlantic flying has caught on, it's easy to forget that domestic air fares still keep going up.

So I'm glad to report that as Christmas approaches, British Airways is doing its bit to stretch the pound (or punt?) in pockets of Irishmen winging their way home this weekend. Not without a degree of reluctance, however, according to a Belfast-bound colleague who bought his ticket yesterday.

Eager to take advantage of the airline's "cheap" £47 excursion fare from Heathrow, he strode into British Airways' Cheapside offices in the City, only to be told that he would have to pay the full fare unless he stayed for at least six days.

All this runs contrary to BA's dispensation since November 1 that to qualify for a reduction travellers only need to spend—at their own risk of course—one Saturday night in the land of Guinness and whiskey.

After some battle and an appeal to higher authority my colleague finally won the day, to be told by BA: "I guess you could put this down to human error."

Ready rule

Norway's authorities have just had a sharp lesson in the perils of trying to legislate for a perfect world. Two months ago they ushered in a cleaner world by making it illegal for car, bus or lorry drivers to let their motors idle while parked. Now they have had to go sharply into reverse gear. The ruling was badly received by the country's taxi drivers. Norwegian winter temperatures being what they are, the drivers said they had to keep their motors idling to stay warm. They threatened to strike over the holidays if the ban were not lifted.

Happily for the Christmas traffic, an official came up with a judgement worthy if not of Solomon at least of Whitehall. He pointed out that the new rule — designed to protect the environment from exhaust fumes—conflicted with an existing law to protect the "working environment." This stipulates that employees must not be forced to work in unnecessary discomfort. So now the taxi men can again idle on while the authorities revise their resolutions for the new year.

Slight detail

Upset at the way that many of their fellow-citizens have been crossing the border to shop cheaply in France, Geneva residents have begun proudly displaying stickers saying: "I live in Geneva—I buy in Geneva." There is only one problem. The stickers were printed in France.

Observer

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FINANCIAL TIMES SURVEY

Wednesday December 20 1978

Japanese Banking and Finance

Japan is in the process of adjusting its economy to a slower rate of growth. For the financial sector this readjustment is posing considerable problems — not least in the sluggish domestic demand for funds. Increasingly the Japanese banks are looking abroad for areas of development potential.

Need for reappraisal

By Richard Hanson

NEXT YEAR will mark something of a watershed for Japanese banking. It may also prove a turning point for the foreign banking community in Tokyo which is having to re-think its role in Japan.

The antiquated 50-year-old banking law will be rewritten by the Ministry of Finance (MOF) after a quasi-private research committee on financial systems completes its extensive studies. Debate on possible liberalising steps to be taken in regard to the present very rigid interest rate structure appears ready to move into the consensus stage, after having started in earnest nearly four years ago, and the authorities will present to the Diet (Parliament) proposed legislation on a major change in the rules governing foreign exchange activity (though the change will be more in philosophy than practice).

All in all, it will be a year of reconsideration for the financial sector in Japan, which has been slow to adjust to the tremendous shifts in economic reality since the oil-producing States, by quadrupling their prices in 1973, sent shock waves through the world economy.

The Japanese economy, to put it simply, is not what it used to be. During the 1960s Gross National Product (GNP) expanded by a real annual average of 10.8 per cent, slowing down in the first three years of this decade to 8.8 per cent. In the earlier period a steady rise in imports kept Japan's current account in a rough balance, with the surplus running at an annual average of less than $500m.

From 1970 to 1973, the slowing of Japan's domestic economic growth, while world growth in imports accelerated from 7.7 per cent to about 9.0 per cent per annum, caused Japanese exports to grow by leaps and bounds. The current account, as a result, showed an average surplus of $4.1bn during the first three years of the decade.

The oil crisis brought Japanese growth down to an average of 0.6 per cent in 1974-75. At the same time a deterioration in the terms of trade caused by higher oil prices produced a huge $4.7bn deficit in the current account for the calendar year 1974. But the deflationary trend slowed Japanese imports and brought the current account into near balance by the following year.

Japan became one of the first nations to solve the twin problems of payments deficits and "Kyoran" (crazy) inflation after 1973. The fact that Japanese business in the period just before the upheaval had maintained a policy of rapid investment in new plant and equipment meant that exports could soar while a large gap between savings and investment and supply and demand went unadjusted. The result was a ballooning trade and current account surplus which continues until now and which has prompted a revaluation of the yen by nearly 100 per cent since 1971.

The Japanese government faces a particularly difficult challenge in balancing the need to stimulate economic growth (which may be the only way of achieving an increase in imports and thus bringing the current account into some kind of stable equilibrium) against the danger of disrupting the domestic money market. This could result from the increasingly large floats of deficit-covering national bonds needed to fund stimulative budgets.

The Government's official target of 7 per cent real GNP growth for the fiscal year to next March has been effectively discarded. The economy in the last two quarters of the year would have to reach impossible annual growth rates of around 14 per cent to achieve this—after 4.1 per cent increases in the first two quarters. The 5 to 6 per cent growth rate which is now expected for this year will be achieved at the cost of 37 per cent (Y11,000bn) budget coverage by bonds (the highest ratio among advanced countries). There are hints that next year's budget will need more than 40 per cent bond financing, and initial speculation is that fiscal 1979 will see only 6 per cent growth.

The Tax Agency is working on a plan to introduce a value added tax (VAT) system on the European pattern. The hoped-for starting date of VAT is January 1980 which could help defray the fiscal 1979 last quarter budget cost. It is by no means certain, however, that the Diet will approve such a plan. In any case some form of income tax relief would probably be needed to soften the blow to the average voter.

The Finance Ministry meanwhile has been encouraging Japanese bankers and financial institutions to recycle large amounts of surplus funds to foreign borrowers so as to bring down the balance of payments surplus. Japanese banks have moved into the forefront of international lending over the past year, stirring criticism from abroad of "aggressive" lending practices.

The monetary authorities finally let it be known this autumn that clannish and over-zealous advance into international financing should be avoided. Private bankers themselves feel that profit margins on loans have been cut to the bone and that a cautious approach from now on could lead to the recovery of margins.

Next year banks may have to reconsider seriously the quality of the borrowers of their yen and dollars. Country risk worries are beginning to emerge. Officials are also forever recalling the international credit crunch which nearly brought disaster to Japanese banks after the West German Herstatt Bank failure in 1974.

Still, there is no doubt that Japanese banks are going to have to depend on their overseas business more and more in the future. The strength of domestic loan demand will continue to weaken for the foreseeable future.

Foreign bankers too have found that the volume of their traditional lending business in Japan has shrunk, along with the margins of profit they can make. Over the past year only the favourable circumstances in the foreign exchange market—which made swapping dollars into yen exceptionally profitable—appeared to make the bankers happy. Their spokesmen have dutifully pleaded with the authorities that they should be allowed greater access to yen funds in Japan and that interest rates should be liberalised. Some of the foreign banks are also trying to diversify into potentially lucrative areas like consumer lending.

The Finance Ministry—along with the National Police Agency, Justice Ministry, Home Ministry, Economic Planning Agency and Prime Minister's Office—is working on legislation for this presently free-for-all sector. The Government is embarrassed by unpleasant incidents such as suicides by hapless individuals involved in the seedy areas of loan sharking where legal limits on loan interest rates run over 100 per cent per year. Commercial banks are unwilling to expand into consumer lending which represents a mere 0.6 per cent of all loans outstanding.

One of the key requests by the foreigners has been for permission to issue negotiable yen Certificates of Deposits (CDs) in order to raise funds. The debate on CDs has been very heated among the various competing segments of the domestic banking industry, and represents a subject of intra-governmental disagreement over interest rate liberalisation as well.

Japanese interest rates on deposits are set by the authorities, or are carefully guided by the Government (a situation which also applies in the short-term call money and bill discount markets). This system has been jealously guarded by the Finance Ministry as its principal means of controlling the banking and finance community.

The Bank of Japan, on the other hand, has seen its ability to monitor and control the growth of the basic money supply erode sharply in this era of slow economic growth. The central bank previously could exert control on lending by the major commercial banks through quarterly "window guidance" limits. As the commercial banks' importance in this area diminished so did the effectiveness of their control.

Recently money supply has been expanding at about 12 per cent per month on an average annual basis, but the growth rate could accelerate with inflationary consequences. (Consumer prices are now rising at a comfortable 4 per cent per year.) The Bank of Japan favours some form of interest rate mechanism as a means of controlling the money supply. This would require liberalisation of Finance Ministry-controlled interest rates, something MOF officials definitely do not want.

The argument between advocates of partial liberalisation and desirable (but unlikely) complete de-control looks set to continue for many months ahead, affecting the pace at which even moderate interim steps such as the issue of CDs by banks can be implemented.

Worries about Japan's current account and trade surpluses which dominated discussions in the past two years appear to be receding as attention shifts to the more fundamental question of what kind of domestic and international monetary system Japan will need in the 1980s. The appreciation of the yen has produced a drag on exports and, unfortunately, on the growth of the economy as a whole, which keeps imports from recovering.

If President Carter's dollar defence measures succeed in stabilising exchange markets around the world, the new Government of Mr. Masayoshi Ohira, who took over from defeated Prime Minister Takeo Fukuda in early December, may have some room for manoeuvre in tackling the problems Japan's financial community faces at home.

JAPANESE BANKING II

Lacklustre showing on home front

THE Japanese banking industry is being termed, quite seriously by some, as the 13th domestic industry suffering from fundamental structural problems threatening its viability. The *first 12, including shipbuilding*, aluminium smelting, some fertiliser makers and others, have already been officially designated as such by the Government and qualify for official assistance. In fact, the Government, in co-operation with the private sector, has embarked on a major review of the banking system which aims if not at basic restructuring then at the minimum some sort of plan to ward off banking chaos in the future.

The problem is quite simple. Japan is over-banked after three decades of high-speed economic expansion, and the outlook now *is for a long period of slow* growth in the domestic economy and subsequent poor demand for loans while funds continue to pile up. The result has been a squeeze on the ability of banks to make a profit on normal lending business. In the last reporting period ending September 30 only two of the major city banks—which together represent the core of the industry—showed a positive ratio of lending interest to the cost of maintaining deposits. Overall the city banks have been running at increasingly large minus ratios for the past three half-year periods.

Rivalled

The major city banks in the September half-year gave a fairly lacklustre performance in *terms* of net profit. The banks' profitability is now rivalled by that of the four large securities houses. Dai-ichi Kangyo, the largest bank in terms of deposits, had flat net profit and an 0.8 per cent drop in pre-tax operating profit; Fuji Bank, the second largest, showed no growth in net from the prior half, with the operating profit up only 2.6 per cent; Sumitomo, which had a slim 0.008 per cent positive income-cost margin, had a net gain of 1 per cent and an operating drop of 0.6 per cent.

The aggregate operating profit of the 13 city banks reached a record high but this was due entirely to gains from the sales of securities (at prices greater than par) in order to make room in portfolios for the large *amounts of national* bonds the banks were required to absorb under the Government's stimulative national budget programme, or through profits on foreign exchanges. The Bank of *Tokyo, the foreign exchange* specialist, had a 5.8 per cent drop in net profit as a result of having to repatriate dollar funds from its vast overseas network with the yen appreciating sharply during the half year.

The Government-imposed need to buy national bonds has actually become something of a welcome chore compared to earlier periods when funds overall were tight. But the increased dependence on the public sector (the Government will sell a record Y11,000bn in bonds this fiscal year to fund 37 per cent of the budget) has *meant a* change in banking industry assets. Sumitomo Bank, for example, finds that the ratio of securities to deposits in the latest half year reached a post-war record 18.7 per cent.

The national bond floats also require a new reserve of 2 per cent of the total bought as a hedge against potential losses from bond price fluctuations. For Sumitomo this meant a reserve of Y3.36bn deducted *from pre-tax income. Sumitomo* in turn profited by Y2.2bn from sales of already held bonds.

Overall, a breakdown of supply and demand for funds *in the Japanese money market* reveals that the demand for funds from the corporate sector has declined from constituting the majority in the pre-1973 period to barely half from 1974-77. The public sector demand for funds has increased to about 40 per cent and individual demand stayed flat.

Housing and consumer loans in Japan by major commercial banks as of June, 1978, accounted for only 9.5 per cent—0.6 per cent for consumers—of the total, compared with 20.1 per cent in the UK, 13.5 per cent in West Germany and 33.3 per cent in the U.S. The authorities are encouraging banks to develop the consumer lending area, but the banks are very wary of any lending that may have a built-in loss factor.

The Japanese banking industry is made up of the 13 city banks, 63 local banks, three long-term credit banks and seven trust banks. Under *different* legal status but performing increasingly similar roles in the banking community are mutual loans and savings banks, credit associations, credit co-operatives, life assurance and non-life insurance companies, the central co-operative bank for agriculture and forestry and other agricultural co-operatives. As of March 31 these held about 36.6 per cent of deposits outstanding and 33.4 per cent of loans outstanding.

Mandate

A joint private and Government sector committee for financial systems research has been given a mandate to recommend ways of making the system more efficient. Eventually—as some officials have *long-advocated—there* may be a flurry of mergers among the smaller local banks, much like the mergers of the last decade which created the Dai-Ichi Kangyo and Taiyo Kobe banks among the city banks. This will take considerable time. One recent attempt by Sumitomo Bank to merge with Kansai Sogo Bank failed because of opposition from Kansai employees.

There remains strong differences of opinion between both the Finance Ministry and Bank of Japan (which officially is only the agent of the Finance Ministry) and among the private *banks over what in the present* system should change. The Finance Ministry next year will be drafting a new banking law for presentation to the national legislature. The current 50-year-old regulation is relatively simple in its structure, and has allowed the Minister of Finance almost unbridled discretion in controlling the entire financial system.

Any new law would probably attempt to define the limits of Finance Ministry authority, which is why attempts to change the law could take another two years or so to be realised. The Finance Ministry is reluctant to give up its *essential* power, based on absolute control over the interest rate structure. (One banker has characterised Japan's monetary system as one exactly appropriate for an impoverished developing country.)

The Bank of Japan, on the other hand, wants to win a flexible interest rate mechanism through which it will be able to better control the growth of money supply—which in recent months has shown a tendency to be worryingly high. The central bank has traditionally relied on its "window guidance" limits on lending to the private sector through quarterly quotas on city bank loans.

This very direct means of controlling money supply growth lost its importance over the past couple of years. Central bank officials lament that their *ideas* of how much should be lent coincides exactly with what the city banks now do—which is increasingly less important as loan demand falls.

Most Press attention has focussed on the debate over permission for banks to issue negotiable yen CDs. Foreign bankers advocate this strongly. The Finance Ministry apparently may allow CDs next year, but they will be modified with lower limits on their size and upper limits on interest rates, so as not to disrupt other sectors of the financial community. Sectors which stand to be affected by CDs include the long-term credit banks which can issue long-term debentures and the bond repurchase agreement market which services the securities industry. The trust banks and long-term credit *banks have fought* the city banks on the issue, and not all city banks feel the need for half-baked CDs. The local banks are worried that the costs of holding local government *deposits will rise and* cause serious problems in competing with aggressive city banks which can offer better terms.

The Finance Ministry approach is for a "step by step" liberalisation of interest rates. Step-by-step is translated at the Bank of Japan as meaning "not at all."

The underlying need in Japan is for a more flexible system for corporations (individuals will always be the last to benefit from changes) to make effective use of short-term surplus funds through attractive short-term money instruments. On this point there is *broad agreement throughout* the banking and financial community. Each *bank* (not to mention the authorities) is guarding against any change which could produce a negative effect on profitability or influence enjoyed under the old system.

Richard Hanson

Companies hedge on new accounting rules

JAPANESE accounting practices have been moving very slowly away from their 19th century German origins into the more fashionable (and perhaps stringent) British and American moulds, with Government authorities gently leading the way. The underlying theme *of reform in the past two years* has been to make traditionally reticent companies more responsive to the merits of fuller disclosure of information needed for investors (not to mention shareholders) to make sound judgments. The effort, though outwardly showing signs of success, has been painful.

This year Japanese companies were required for the first time to introduce consolidated earn*ings statements, including in the* calculations all subsidiaries owned 50 per cent or more. They were given the option of adding in on an equity basis other affiliates held as to more than 20 per cent. Analysis shows that while the letter of the new law has been observed, most companies tried hard and successfully to ignore the original intent of the Ministry of Finance and the study group *which drafted the* reform. According to an official in the Securities Bureau of the Ministry, the two major problems authorities ran into in implementing the law were first a lack of experience on the part of many companies and second, a frantic effort on the part of many companies to avoid, or at least blunt, the consequences of disclosure.

Most Japanese companies close their accounts for the fiscal year to March 31, when the consolidation requirement went into effect. Except for a handful of companies which previously consolidated earnings statements to meet U.S. Securities and Exchange Commission standards—they are the first such statements to be made, and reflect a two-year scramble to take advantage of the loopholes in the regulations.

The major weakness of the present rules is the exemption of companies owned less than 50 per cent. The other significant point is that the consolidated statement has no bearing whatsoever on a company's tax treatment; all accounting for tax purposes remains linked to the individual parent company *statement and the separate* statements by subsidiaries under present commercial codes

The Finance Ministry does not expect to be able to tighten up the requirement for reporting minority held units on an equity method for at least another two years: and there is no thought at present of changing the tax laws.

Problems

A survey by the Nomura Research Institute, covering 268 companies listed on the first section of the Tokyo Stock Exchange, illustrates some of the problems involved in reading a consolidated statement.

Of the 268 companies surveyed, more than half (145) chose to include five subsidiaries or less when putting together the consolidated statement. An additional 57 companies add the results of 10 subsidiaries or fewer for an overall average of five to six subsidiaries per parent company in the consolidation. The average Japanese company is estimated to have about 20 subsidiaries.

When a firm date for the new requirement was set, companies quickly began to shift shares held in subsidiaries which could prove a drain on overall earnings outside of the parent company. Most often, it appears, the shares were taken in by other subsidiaries or by friendly members of the larger industrial and financial groupings through which Japanese companies are linked with one another.

Some groups provide glaring examples of how obvious it is that closely tied companies have no need at all to be bothered by consolidation. The Toyota Motor group is an accountant's nightmare. Toyota Motor, the largest motor manufacturer in Japan, owns only 39.6 per cent of its marketing arm, Toyota Motor Sales, but other Toyota associates, Nippon Denso (maker of electric parts for *cars*) and Toyota Auto Body have 6.2 per cent and 2.4 per cent respectively.

Nippon Denso in turn is held 22.6 per cent by Toyota Motor and 9.1 per cent by the Toyota group founder, Toyoda Automatic Loom Works, which has shifted from its origins as a textile machinery maker to fork-lifts and auto assembly. Toyota Auto Body is held 19.2 per cent by Toyota Motor. Toyota *Tsusho Kaisha* (the group's trading company dependent on other Toyota companies for 70 per cent of its business) is owned 25.1 per cent by Toyota Motor and 15.4 per cent by Toyoda Automatic Loom and so on. Toyota Motor thus has holdings of less than 50 per cent in all its major subsidiaries, and can avoid any meaningful consolidation.

Likewise, Nippon Kokan KK, Japan's second largest steelmaker and a leading shipbuilder, has 42 per cent and 41.4 per cent holdings in two of the largest second rank steel producers, Toshin Steel and Azuma Steel. Both are listed on the first section of the stock exchange but will probably never need to appear on a Nippon Kokan earnings statement.

The reasons behind the apparent lack of enthusiasm for consolidation go to the root of the Japanese business ethos, and relate closely, as mentioned earlier, to the local tax requirements. Despite growing interest in Japanese companies by profit conscious European and U.S. investors, Japanese executives have never placed much emphasis on impressing *shareholders*, shareholders' meetings sometimes run for as long as five minutes.

Executives in Japan, though naturally aiming at profits, still prefer to *maintain* operations—sometimes at a loss—in order to keep employees working and to avoid social disruptions. One major factor here may be that very few Japanese companies rely on professional accountants—even in-house—to map overall plans. Executives tend to be generalists who are willing to forgo a short-term profit *for longer-term stability*. Many subsidiaries were created with little care to their actual performance, but more to provide an outlet for employees or, in a slow business period, to acquire a ready customer for parent company products—if only on paper—or, conversely, as a means of avoiding the appearance of too much prosperity.

The actual changes in earnings performances of the companies in the Nomura Survey provide few surprises, although the increase in capital as a result of consolidation was less than expected by analysts, reflecting more weakness in the subsidiaries than *thought* previously.

Average

The company which showed the best performance on a consolidated basis compared with the parent statement was Hitachi, the giant electric machinery maker. On consolidation it showed more than a doubling of capital and a net profit increase to Y74.8bn from Y31.4bn. Some of the worst performances were found among the large trading houses with the exception of Mitsubishi Corporation. C. Itoh saw its net loss for the March year rise from Y1.127bn to Y12.4bn.

Viewed overall, the 268 companies showed an average increase of 7.8 per cent in net profit and of 27.3 per cent in pre-tax operating profit. Capital

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Aggressive drive overseas

JAPANESE BANKERS are staking a large part of their future on developing—and rapidly—their business overseas, where the advance so far has already caused some uneasiness among both their rivals in Europe and America and the monetary authorities at home. But if the money men here have their way, "made in Japan" loans and banking services will be as common as the TVs, stereos, ships and cars which Japan's giant traders and manufacturers made famous from Bangkok to Brazil in the 1960s.

The figures on expansion by Japanese banks are impressive. Since 1970 the number of branches overseas has risen from 54 to 121 from 23 banks as of the end of October. Affiliates overseas in the same period jumped from only six to 28, with another 146 representative offices spread throughout all corners of the globe.

The Bank of Tokyo alone, Japan's specialised foreign exchange bank, with the most extensive Japanese network overseas, claims more than 300 offices around the world. It believes itself to be the largest foreign bank in the U.S., where it has six agency and branch offices, four representative offices and four American subsidiaries and affiliates for a total of 115 offices employing more than 2,000 Americans.

By comparison, foreign banks in Japan have expanded from 37 branches in 1970 to 82 now, set up by a total of 60 banks. Foreigners also maintain 89 representative offices in Japanese financial centres.

Saturated

Japan is one of the most heavily saturated countries in the world as far as banks and other financial concerns (including huge co-operatives, and a postal savings system with more than Y40,000bn (about $200bn) in deposits). Unfortunately for the Japanese banks their business at home is no longer expanding at the dizzying pace of the previous decade.

For the eight years up to 1973 Japanese private spending on plant and equipment grew annually at a real rate of about 16 per cent. While there is some sign in recent months that capital spending is no longer declining from the 1974 peak, there is little reason to believe the long-term prospects will support much expansion of lending at home by banks. This is the main reason bankers have turned their attention abroad.

Perhaps more significant for the future, however, is a definite shift in the banking priorities of Japanese corporations themselves. At home, Japanese companies can divert only fairly minor portions of their borrowing to foreign banks (though some major concerns rank foreigners very highly as sources for funds).

But overseas many Japanese companies are growing accustomed to the use of local banks and of the mammoth European and American banks for borrowing needs and banking services. Ten years ago the affiliate of a Japanese company would almost inevitably submit a letter of guarantee from the parent company in Japan, with Japanese banks backing it up, for funds needed to expand or run operations. Now many of the established overseas affiliates have built up strong assets locally for use as collateral in locally acquired loans.

This natural drift away from the banks of their home countries has spurred Japanese bankers to expand business with the multinational concerns of all countries. The days of following the flag by Japanese banks may soon be over.

Advantage

Like the Bank of Tokyo, other Japanese banks are finding that early entry into fairly tough banking markets like Indonesia and some Latin American countries (which since have limited foreign bank entry) gives them a decided advantage in taking care of the financial needs of multinational companies there from all over the world. There will also be much greater attention paid to building up local deposit bases and serving local interests.

The importance of overseas business for the Japanese banks is hard to calculate precisely, and remains well below that of the U.S. major banks like Citibank and Chase Manhattan. But the Bank of Tokyo in recent years has done more than half of its business overseas and other of the major city banks range from 10-15 per cent compared with probably less than 10 per cent in the past.

The emergence of aggressive Japanese lending over the past year has brought with it a new crop of adjectives to describe the phenomena — some, one suspects, coined by the Japanese bankers themselves. We now have "harakiri" (suicide by disembowelment) and "banzai" (10,000 years' life for the Emperor, spoken enthusiastically) loans, to add to the established "samurai" yen bond market. Whatever phrases are used to describe Japanese banking behaviour, the statistics leave no doubt as to what has happened.

According to a ranking by Caploan International Finance Data Inc., the Bank of Tokyo in the January-October period was the second most important of 20 top managing groups in syndicated Euroloans, edged out only by Citicorp. The Bank of Tokyo had 71 involvements either as a lead manager or in lesser management positions for a total handled of $20.5bn compared with 90 by Citicorp for $21.2bn. Five other Japanese banks (the Industrial Bank of Japan, Tokai Bank, Sanwa Bank, Fuji Bank and Mistubishi Bank) were included in the top 20 ranking.

An earlier ranking of loan participation from January-July, had put the Bank of Tokyo fourth behind Citicorp, Chase Manhattan and NatWest. In 1977 a study put the Bank of Tokyo at number eighteen among manager banks, the only Japanese bank among the top twenty. (The Bank of Tokyo because of its status as the sole specialised foreign exchange bank has received special consideration from the Finance Ministry on setting up overseas branches and other aspects of international finance business).

Japanese Government authorities opened up in July 1977 the potential for Japanese banks to expand their overseas lending by issuing new individual guidelines on medium-term loans and setting rules on funding with matching medium term credits for loans lending beyond certain limits. Banks now estimate that the average mix is about 60 per cent matching medium-term funding for loans, an uncomfortably high ratio since it rises even more sharply with additional loans.

There is some chance the Finance Ministry will reconsider the present guidelines by the end of this year, a new attitude of caution by the authorities over the reaction to aggressive lending by the Japanese banks may mean that terms will not be loosened as quickly as some city banks desire.

Reputation

In October the Finance Ministry and Bank of Japan told the banks that they should not continue to expand overseas lending as rapidly as in past months—partly on country risk considerations—and it urged them to move more toward co-operation with banks from other countries rather than stress exclusively Japanese groups. The "warning" was prompted by a desire to maintain the reputation of the Japanese banks and monetary authorities following foreign bank and Press claims that Finance Ministry deposits with Japanese banks were allowing them to cut loan margins overseas.

Japanese banks had been criticised both at home and abroad for an exclusive $500m loan to the Electricity Council in the UK at the very low margin of 0.5 per cent over LIBOR for the first leg. Since then Japanese banks have shied away from low-margin lending, partly in hope of better profit margins later next year. There was also much criticism among the banks themselves, which tend to compete fiercely with each other and are reluctant to pass up an opportunity to expand business that might go to a fellow bank.

It is estimated that Euroloan syndicate lending by the Japanese banks will have about doubled from a December 1977 estimate of $8.9bn aggregate by the end of this year.

The Government has encouraged banks to lend overseas in order to offset the huge trade and current account surpluses Japan chronically runs—prompting severe criticism from overseas — in its overall balance of payments. Lending by banks has taken on even more importance as market conditions have made foreign yen bonds issues less of a factor in shifting funds overseas. Yen syndicated loans have increased nearly as fast as dollar loans, suggesting Y626.5bn as of the end of October.

Yen loans overseas this year were boosted by the entry of the life assurance companies with enormous potential yen funds at their disposal. The insurers, mostly in co-operation with the trust banks, which have also become more active in the past year, will have provided about Y134.6bn in funds for yen syndicates by the end of this year.

The new Government of Prime Minister Masayoshi Ohira is expected to take a more liberal view of the use of the yen as an international currency and the issuance of Euroyen loans and bonds. But the most important priority will still be to co-operate with other nations in bringing about stability in the foreign exchange markets which could allow a correction of the present situation of Euroyen raised overseas being cheaper than domestic yen funds. A 100 per cent reserve requirement on free yen deposits by non-residents in Japan—imposed last March—would have to be removed.

The term Euroyen refers to yen held outside of Japan and is very similar to the concept of the Eurodollar. At the beginning of November the volume of Euroyen was estimated in the range of $3bn-$4bn with a trend toward steady increases. Demand derives mainly from the need to finance imports from Japan, about 30 per cent of which are presently denominated in yen, according to the Bank of Tokyo. There is also demand from speculators who want to hold yen.

Because of an imbalance in the supply and demand in the Euroyen market the interest rate for Euroyen deposits is based on Eurodollar rates. In practice funds are usually converted into Eurodollars and invested with the reconversion into yen coverd by a forward contract. This provides cheap yen funds so long as the forward *premium on the dollar remains* high. Free yen deposits in Japan, which may be freely transferred abroad (approximately $6bn) constitute a significant potential source of Euroyen, depending on future interest rates in Japan and Europe—but for the present reserve requirement.

The Bank of Tokyo is also at this time encouraging the issuance of dollar bonds in the Tokyo capital market, following placement by the European Investment Bank (EIB) of $80m, for 12 years with a yield of 9.13 per cent, out of a total of $100m in September. The yen's stabilisation at around 190 yen per dollar at that time helped make the issue successful, along with the fact that EIB had previously issued two yen bonds in Japan. The good reception by the market should improve the attitude of the Finance Ministry toward dollar bond issues so long as they do not interfere with the yen bond market.

R.H.

Hedge

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increased only 7.5 per cent. Sales were up 11.5 per cent over parent results. The manufacturing sector, consisting of 189 companies, had a net profit increase of 20.2 per cent, while non-manufacturing concerns posted a decline of 15.3 per cent in profitability.

What consolidation revealed is that in most cases the investor will learn little more in analysing a Japanese company by looking at the consolidated statement than at the parent company statement. On the plus side, however, the exercise has perhaps spurred Japanese companies to take a closer look at streamlining their financial operations. More often than not subsidiaries are in worse condition than the parent viewed from an equity ratio and a profit standpoint. While much of the subsidiary shedding could be attributed to efforts to keep up appearances, the underlying trend for the future has to be to improve performance.

Japanese companies are also being pushed toward greater disclosure by revisions in the requirements for semi-audited mid-term financial statements, and studies are underway on how to introduce some form of inflation accounting. There remains considerable difference of opinion among accountants and in the securities industry as to whether these requirements will prove any more effective in prying useful information from companies than consolidation has so far.

R.H.

Stock market goes bounding along

THERE WERE two great investments one could have made in early 1978—gold and Japanese securities. President Carter's dollar defence measures announced on November 1 have since cooled off the short-term investment prospects for gold, but the value of shares listed on the Tokyo Stock Exchange (TSE) continues to reach all time highs. Not a few Tokyo brokers are wondering if maybe the pell-mell rush to buy Japanese Securities is reaching dangerous proportions.

It was only one year ago that Japanese share prices were being written off by international investors as hopelessly overpriced. Many were worried that the deflationary effects of the soaring Japanese currency would stop the nation's export-led recovery dead in its tracks. Both foreign institutions and domestic individual investors decided to pull out, dumping their portfolios in the collapsing market. Export-related shares, which had been slipping all year, led the downtrend.

The selling reached a climax when the yen rate topped 245 to the dollar. On November 27, 1977, the market indicator fell 2.5 per cent to 4,597 yen, the low for the year. The next day funds poured in from the nine domestic investment trusts igniting a rally that has yet to end.

Since then the Nikkei Dow average of 225 leading stocks has set a number of successive all-time highs, passing Y6,000 by the end of November. That means that the average Japanese share price has risen a dizzying 30 per cent in the last year, and there is no sign that the bull market will end soon.

The booming Tokyo stock market can mostly be viewed simply as a by-product of the excess liquidity of the Japanese financial system. Never before has so much money been available for so little. In the hope of spurring the economy the government slashed the discount rate by 3 per cent in fiscal 1977, from 6.5 per cent to a record low of 3.5 per cent. Call money rates are scraping bottom, encouraging margin-financed speculation. The Japanese banks are paying a miserly 1 per cent on demand deposit bank accounts, and the longest term deposits are not paying much over 5 per cent.

Japanese corporations, reluctant to make new capital investments as long as consumer spending remains stagnant, are bursting with unused funds. The property and commodity markets, popular with speculators before the oil crisis, are now in the doldrums. In short there is a lot of cash lying around Japan that has no where else to go, but the stock market.

Roundabout

The Bank of Japan has not been helping matters much either. The central bank's intervention in the foreign exchange market easily passed $10bn in fiscal 1977. It is widely believed that it has spent at least another $7bn in the current fiscal year, exacerbating the country's liquidity problem in its efforts to prop up the dollar. Although the route may be a roundabout one, much of this money has ultimately ended up in the Tokyo stock market, driving share prices ever higher.

What have people been buying? Electric power companies have been among the favourites. Companies benefiting from the Government's public works projects have been bought. Other companies which have profited from the dollar's decline, such as oil refiners, gas companies and some trading companies have enjoyed continued popularity. Food, retailing and pharmaceuticals have also been movers.

Another group of hotly traded securities is related to the redenomination issue. Many feel that the Japanese Government may soon order a redenomination of the yen—that is an upward valuation of the country's currency by a factor of 100—so as to bring the value of the yen into line with that of the Deutschemark and Swiss franc. Because the move would require a reprinting of an entire new money supply over a period of years, the shares of printing, ink and pulp and paper companies are being aggressively purchased.

Shares belonging to the "latent asset" group which includes railways, trust, and property companies, are following the shares of the redenomination group upward for reasons that are peculiar to Japanese accounting practice. Most Japanese companies carry their assets on their books at their 1946 value. Japanese accounting experts familiar with the Government's thinking believe that if redenomination occurs, companies will be required to list the value of their assets at current prices. This would flush out the true value of companies which have a large number of fixed assets which are now grossly undervalued.

Last, but not least, the "political stocks" have been active. Shares of small capitalised companies that usually have dismal business prospects suddenly see trading activity, it is thought, because they are being manipulated by some of the country's larger political factions. The purpose of the exercise was to raise money to finance the November intraparty Liberal Democratic Party (LDP) presidential election.

Another major group of active stocks is related to Government expenditures in the public works area. To reach the widely promised goal of seven per cent real economic growth for fiscal 1978, the Diet voted for a record Y5,450bn in public works projects. This figure has since grown with the introduction of a Y2,500bn growth package last September. The massive Government spending programme will give a boost to profits for construction and related companies, so the shares of these companies are being actively bought.

Switching

This year's rally has been unlike those in previous years. While buying has in the past concentrated on a specific group of stocks for several months, this year speculators are switching groups much more rapidly. It has become quite common for a stock to jump 10 per cent in a few hours of concerted buying, only to drop back down a few days later. Brokers are calling this type of price movement "circulating selection," a kind of rotation buying that has made picking winners especially difficult. Despite that fact that average share prices have been rising, Kabutocho (Tokyo's equivalent to Wall Street) is littered with casualties.

Japan's last easy money market occurred in 1972-73 when the Nikkei Dow roughly doubled. That buying spree ended with an abrupt 35 per cent crash. As share prices continue their unbridled ascent above the 6,000 level an increasing number of brokers are feeling a sense of deja vu and fear that the present market may end with a similar shake-out.

TSE authorities have been taking a number of steps to cool down the overheated market. The margin collateral requirement—the minimum amount of cash brokers must put up to buy shares on credit—has been increased from 30 per cent to 60 per cent of the purchase price. The big four Japanese brokerage houses (Nomura, Nikko, Daiwa and Yamaichi) have been ordered not to pursue orders from the general public so aggressively. The major investment trusts, which are mostly owned by the large brokerage houses and have been big buyers of securities this year, have also been told by the authorities to maintain a lower profile.

Where will the market go from here? The conventional wisdom, if such a thing is to be trusted, states that as long as interest rates are low share prices will keep going up. Most brokers see the market rising to 6,200-6,300 yen by the end of January, and possibly up to 6,500 if the Government announces that it is going through with redenomination.

The conventional wisdom, then goes on to predict a shake-out sometime around February. By then it will become more clear whether or not the Carter dollar defence measures will have more than a temporary effect or not in stabilising the American currency.

If they do prove to be of longer term value, they will help to alleviate Japan's liquidity problem. Not only will the BOJ stop injecting more funds into the market, through its intervention activities; there will also be a significant outflow of funds from Japan as investors seek to take advantage of the stronger dollar, recently relaxed rules regarding foreign investment for Japanese institutions and the yawning interest differential that currently exists between Japan and the U.S.

Stephen Bronte

Bond prices flattened by State funding

THE JAPANESE Government's reflationary funding policies seem to have fallen flat in 1978—at least as far as National Bonds are concerned.

Since 1975, when deficit spending began in earnest, the Government has poured Y43,000bn of its bonds into a captive market, where interest rate structure as well as bond instrument variety are determined by the Finance Ministry.

This amount of National Bonds, four times more than the total floated before 1975, was necessary for financing the heavy public works spending intended to take up the slack in the growth rate caused by declining exports.

The policy was not seriously questioned until this year, when the National Bond flotations flattened the market. What the Government seems to have ignored until now is that a bond market, controlled or otherwise, still operates according to its own laws, and even with the best of intentions, market participants cannot force bond prices to respond to political promises.

Historically viewed, when Japan was faced with the problem of total economic reconstruction after the Second World War, the Government decided to use the still very limited bond market as little as possible. The policy was to keep interest rates low, and limit the types of monetary instruments available so that interest of the investors—banks and security houses in this case—would be focused where Government funding most required it.

This was a rational plan as long as economic problems were simple, but it is hardly suited to the intricate tangle the Japanese financial world has become. The recent collapse of bond prices, under the strain of domestic reflationary funding, illustrates this.

Under Finance Ministry controls, Japanese City and trust banks are required to buy up to 80 per cent of every National Bond flotation, consisting largely of the cheaply financed 10-year maturity issues. The remainder is allotted to securities houses, who sell them both to each other, and, in very limited quantities, to private individual investors.

When the banks want to sell the bonds they have already bought, they circulate them into the secondary market through the securities houses, who must manage the old bonds along with the new issues. This tight system was profitable to all concerned as long as bond prices, determined by the market, remained high.

There was even an additional advantage to the Government policy of lowering the discount rate to promote economic recovery.

This was that each time the rates fell, banks and other financial institutions could sell previously purchased bonds at high profits, since the value automatically increased. Apparently, the seven successive official discount cuts, from 8.5 per cent in April, 1975, to a bottom level 3.5 per cent in the spring of 1978, were all that kept the National Bonds popular.

With high liquidity they withdrew their support of the 10-year year Government, bonds in favour of short-term, lower risk instruments, of which, the Finance Ministry has seen to it, there are very few.

Thereafter, as the law of supply and demand would have it, prices of the long-term 10-year national issues—the very foundation of Government deficit spending—plummeted while value of the scarce short-term instruments rose continually higher.

Flooded

By mid-summer, the securities houses were being flooded with 10-year bonds which the banks were selling as soon as they had purchased them. By August, the bonds were being traded at Y3 under their issue price—a market slump by any standard. This occurred despite the securities houses' most energetic efforts to see that they were distributed.

At about this time, banks and security houses started to complain of lost profits, but the Finance Ministry declared itself firm on continued bond flotation plans, insisting that with liquidity being so high, financial institutions should have no trouble supporting whatever was floated.

In the meantime, the Samurais, the yen-denominated bond issues floated by foreign governments, had continued very popular as a low-cost source of funds (from the borrower's viewpoint) and as a means of increasing capital exports (from the Government viewpoint). But when the market began to sway visibly during the summer, the securities houses were forced to offer more expensive terms to foreign borrowers to insure saleability, and one after another, prospective borrowers cancelled their plans.

After the first seven months of the year, which saw 23 Samurai flotations, totalling Y551bn, only the Government of Denmark was willing to accept a 6.7 per cent interest premium on its Y30bn issue in August, terms several tenths of a point higher than the market had offered four months previously.

Market conditions, which were expected to have improved after the summer season, continued so poorly during September and October that no government was interested in Samurais.

By late October, the Finance Ministry, apparently convinced of a crisis, used its controlling powers to prop up the market. In two separate, widely criti-

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Foreigners review their future

FOREIGN BANKS are debating seriously just what their role in the Japanese financial community will be in the future. The answer will depend heavily on how the banking industry—now under broad review—changes itself but for the moment there is little reason to be too optimistic.

The foreign banks are facing declining volume in lending business, smaller profit margins on the business that is available and there is little sign that conditions will change. The foreign banks' share of all bank loans and discounts in Japan has declined from over 3 per cent in September, 1975, and a peak of 3.37 per cent the following year to 2.97 per cent at the end of March, 1978. It is forecast to decline even further to perhaps 2.83 per cent by next March.

"Nobody is starving," says one European bank manager, long resident in Tokyo, "but everybody is feeling the pinch." This year the foreigners have been helped considerably by foreign exchange gains. These cannot be expected to continue indefinitely, the banker notes. "It is now legitimate to ask what our future will be."

The foreign banks have seen a shrinkage in the rate of expansion in their yen and foreign currency lending in Tokyo over the past three years turn to an actual decline when averaged together. Foreign currency loans show the biggest downward trend as impact loans to Japanese corporations have changed in nature from a source of funding growth in the economy over the past two decades to a means of hedging against the large amounts of dollar receivables in Japanese company hands, while exchange rates remain uncertain. Demand for this kind of dollar remains, but the profit margins have been cut. Banks now view a ⅜ per cent spread above LIBOR rates as "lucky to get."

On the yen lending side, conditions are not much better. Foreign banks have enjoyed low cost yen funds for part of their operating needs through the swapping of dollars into yen at a very large yen premium.

This depends entirely on conditions in the foreign exchange market. The cost of raising dollars in Europe in mid-November, for example, was 11⅛ per cent which could then be swapped into yen at a premium of 10.36 per cent for a yen cost of only 1.265 per cent. This is well below what Japanese banks have to pay locally, but in October, that same yen cost had risen as high as 3.865 per cent.

Swap

The Finance Ministry in May this year raised the swap limits on foreign banks to compensate for the sharp decline in the exchange value of the dollar (the base for the limits). Bankers say that the supplement helped, but did not cover their actual loss of funding ability in some cases. The limits, in general, vary from bank to bank—set by the authorities—and some bankers see large inequities in the allotments.

Banks which have been long established in Tokyo are sometimes able to fund all of their lending through the cheap swap facility, while newcomers with more aggressive catch-up strategies find they cannot compete because they have built up large loan portfolios. In any case, long gone are the days when foreign banks were increasing lending at breakneck paces. Between 1971 and 1976, the outstanding volume of loans made by foreigners rose to more than Y3,500bn from a little more than Y700bn as of March 1978, the figure stood at Y3,353bn.

With the decline in foreign currency lending, the foreign banks have increasingly focused their energies on winning from the authorities the ability to build a stable yen funding base. The foreigners want greater access to the call and bill discount markets. They also want to be able to issue certificates of deposit, and greater freedom in using funds, including participation in import financing and use of yen funds for offshore lending, an area closely regulated by the authorities.

There are indications that the foreign banks will win some concessions from the Finance Ministry. The Ministry now appears ready to authorise yen CDS for the Japanese city banks and for foreigners, perhaps next year. Opposition from the long-term credit banks (who are allowed to fund with long-term paper) and trust banks remains strong, however, and the final form and conditions uncertain.

Foreign bank representatives have recently given their views before the committee on financial systems research set up to study the banking industry. Contention has been that Japan needs a freely competitive financial system. "A variety of restrictions has prevented us from developing the yen funding base which would otherwise permit us to play the active role we would want. As a result, we find our business opportunities declining, with the outlook increasingly unfavourable," a Bank of America official testified.

Even if the foreign banks are able to win better funding bases in Japan it is open to question whether they can compete with the Japanese banks (also hungry for new lending business here and overseas). Typically a foreign bank will have close and important ties with a small number of the larger Japanese corporations, sometimes ranking in the front ranks of second level suppliers of credit. They do not, however, have the personnel and other resources to broaden their activities. There is virtually no chance—or desire—of being allowed to purchase or merge with Japanese banks (foreigners have enough difficulty running their own shops without getting involved in the problems of a Japanese bank, comments one foreigner).

Of the 60 banks with branches in Japan, 36.7 per cent are from the U.S. It is the smaller regional banks from the U.S. who are faced with the most difficult choices. None are likely to close down, but downgrading of operations is inevitable as Japanese borrowers become more selective (and geographically sensitive) in choosing lenders. It is very expensive to run a branch in Tokyo. With an average of about 40 employees per branch, annual operating costs could be Y45m. Some banks have contributed strongly—given the relative size—to overall home office profits in the past, but it is getting more difficult to do so.

Foreign banks in the past have added to foreign exchange operations in efforts to raise their profitability, many with much success. The largest of the banks — particularly the Americans — still appear desperate to find other ways of offsetting their costs. They have built up large, unionised and expensive staffs, and business is on the decline. These banks are turning more and more to such areas as consumer financing.

Anyone

But even in this currently uncontrolled area anyone can establish a consumer finance company with minimum official interference.

The Government is now preparing to establish regulations. This may alter some plans of ambitious banks which see consumer loans as a potentially large source of profit in the near future.

While the foreign bankers would like to increase their business, it is most likely they will remain content with what they have. If the role of foreign banks were to increase and their treatment be made more comparable to the Japanese banks, the banks would have to assume more responsibility for their actions. The foreigners, as a special group, have been virtually guaranteed against losses on the major corporate failures of recent years. Most foreign banks have come to take—quite comfortably—this benefit for granted.

R.H.

Bond prices

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cised moves, the Ministry unexpectedly lowered the interest rate on a special one-year agricultural deposit, and, at about the same time, very carefully poured Treasury payments into the "closed" financial system, together releasing Y2,500bn of otherwise unavailable surplus to bond purchasers.

In addition, National Bond flotation amounts were reduced significantly during the October to December period, to facilitate absorption by banks and securities houses.

These measures, impossible without tight Government control, helped the market regain enough momentum to sustain two Samurai flotations during November, and another three in December. But even so, the Ministry moves cannot be said to have succeeded in hoisting *the market back on its feet.*

For one thing, the Venezuelan Government issue which broke the two-month-old Samurai ice seems to have sold well, partly because of a 6.7 per cent interest rate—high enough to have been rejected in October by New Zealand, a better-rated borrower.

In the same vein, a subsequent Norwegian issue for five years maturity, sold out immediately, as did the five-year portion of a December Australian split-package flotation. But sales for the 10-year block of that same Australian issue were much slower, *proving again that the Japanese* investment community, which must buy 75 per cent of Samurai primary issues, prefers short term instruments.

Added to these indicators is the fact that, despite the special Ministry steps to raise liquidity and arouse interest in the long-term Government bonds, they are still being traded at more than *one yen below* issue price, which does not allow for profit.

Announcement of a preliminary budget for fiscal 1979 *—which could require issue of* Y16,000bn in National Bonds (Y5,000bn more than this year) met with strong protest from the usually staid Japanese banking community. A Sumitomo Bank executive has said that if the rules of Government distribution and sale of the National Bonds are not changed, his bank will be forced to sell the bonds at a loss.

Other bankers and finance market participants have expressed fears that the 1978 Y11,000bn flotations have already strained the market to capacity.

Other increasingly impatient *demands* from the financial world are for a wider range of instruments for investors to use, with emphasis on the short-term. *The Governor of the Bank* of Japan, Mr. Teiichiro Morinaga, has pointed out that in developed countries, except Japan, the tendency is for government funding to be in short-term instruments.

Meanwhile, Mr. Takeo Fukuda has stepped down from the prime ministership. It was his 7 per cent economic growth *commitment that helped* increase the National Bond flotation amounts. His successor, Mr. Masayoshi Ohira, appears more receptive to the argument for "downward revision" of economic growth goals. And his new Finance Minister, Mr. Ippei Kaneko, has gone so far as to say there must be limits to budget dependence on National Bonds. But other solutions, such as increased tax measures, are nearly as problematical.

What *is* clear is that increased deficit spending is straining the financial system. The rift between the Bank of Japan—which must take national monetary responsibility — and the Finance Ministry has widened perceptibly over the National Bond matter.

Given the problems and possible alternatives, the coming year could well see a certain relaxation of the various Government controls, permitting freer play of true market forces. *Predictions are, however,* that the national budget will continue to rely heavily on bond financing for a few more years *to come.*

How these plans are to be carried out—and what alternative of policy is to be developed—will be questions facing the new Cabinet.

Karen Salzberg

Payments surplus being trimmed

THE JAPANESE Government has tried to fulfil its commitment to the U.S. and to its other trading partners to make all reasonable efforts to reduce its chronic current account and balance of payments surplus.

In a communique issued last January by Japan's Minister for External Economic Relations, Mr. Nobuhiko Ushiba, and U.S. trade negotiator, Mr. Robert Strauss, Japan said it was "aiming at equilibrium with deficit accepted if it should occur." The chances are Japan will not have to accept a deficit in the foreseeable future, despite a definite trend for exports to slow down. Government efforts to boost "emergency" imports of goods like enriched uranium have helped prop up the import side, but an agonisingly slow recovery in domestic demand and existing large inventories of raw material mean that imports will not overtake exports for the time being.

At the same time the Government has encouraged quite successfully an outflow of capital from Japan in the form of bank lending and yen bond issues in Tokyo by foreign governments and official agencies in order to bring the overall balance of payments more into equilibrium. It has been less active in the area of official development aid but officials have said efforts will be made to increase the outflow of funds here too.

Peaked

Japan's troublesome surpluses in trade and current account when viewed in terms of U.S. dollars appear to have peaked in the first six months of the fiscal year which began last April. In the April-September half the current account surplus amounted to about $9.7bn and the trade surplus rose to nearly $14bn. This compares with a current surplus of almost $14bn and a trade surplus of $20.3bn for the whole previous fiscal year.

In October the first solid signs of shrinkage were seen, as the current account surplus narrowed to $384m from $1.87bn in September and $1.36bn in October 1977. Government economists now see the current account surplus for the year ending next March at around $14.5bn, slightly above the (revised) official target for the year but below the annual rate of more than $16bn set in earlier months. Some economists in the private sector still see the current account surplus at $16-18bn.

The overall balance of payments in October featured the largest monthly deficit since January 1976 — $971m in the red compared with surpluses of $446m in September and $334m a year earlier. This was mostly the result of a record $1.6bn outflow on long-term capital account, resulting from stepped-up lending abroad by Japan as well as from increased Japanese investment overseas. The rate of increase in overseas lending is expected to slow somewhat in the future as bankers become more cautious about the quality of borrowers and more particular about profit margins, but the Ministry of Finance clearly expects the capital outflows to help offset the trade surpluses.

The causes of Japan's recent series of record current account surpluses (the peak was $2.265bn in June) have been summarised under five major headings by the Bank of Tokyo.

First, Japan's real economic growth rate slowed to an average of 5.6 per cent in 1976-77, about half the rate of the 1960s, which resulted in a large decrease in import growth. Secondly, during the eight years to 1973, real plant and equipment spending by business here continued at a brisk 16.1 per cent annual average rise, which led to a sharp improvement in productivity and international competitiveness.

Thirdly, since 1976, when world trade rebounded, Japan's exports increased at about the same pace as in the 1960s on the strength of the higher capital investment before the oil crisis. Fourthly, in 1976-77 world trade rose by an average of 8.7 per cent in real terms compared with only 7.7 per cent in the 1960s, allowing Japan to run up with the first current account surplus (on a calendar year basis) in three years.

Improved

Lastly Japan's terms of trade have improved as the result of the yen's appreciation. The growth of exports in volume terms reached a peak in the second quarter of 1976, but the current account surplus has widened because of the rise in export prices caused by the yen's appreciation.

The Bank of Tokyo concludes that the main determinant behind Japan's current account balance has been its economic growth rate. It is generally felt that the huge surplus has been temporarily increased by the negative "J-curve" effect of the yen's appreciation. Adjustment of the imbalance through the yen's appreciation as that negative effect turns positive will take considerable time.

For the short-term Japan will have to encourage consumer spending through stimulative economic measures (Bank of Tokyo economists recommend income tax cuts) which will boost manufactured imports. Over the long run Japan will have to aim at a fairly high rate of economic growth.

R.H.

Eventful year for the yen

JUDGING BY the best basic criteria available at the time—most notably inflation rate differentials, a huge and continuing Japanese balance of payments surplus and a huge U.S. deficit—the yen looked a pretty safe bet for further revaluation at the start of 1978, when it stood at 237 per dollar. Few if any forecasters, however, came anywhere close to predicting the extent of the surge in the yen's value which actually took place.

In the first 10 months of this year, the yen appreciated by no less than 35 per cent, touching an all-time peak of 175.70 per dollar on October 31, before the November 1 announcement of President Carter's comprehensive dollar support measures halted the climb.

Hindsight

With the advantage of hindsight, the mistakes in most experts' forecasts are easy enough to analyse now. For all the right reasons, they correctly anticipated the rise in the yen against the dollar during the first half of the year—even though it went a bit further than most thought possible. What they did not take into account was the impact on the yen of the global flight from the dollar which reached virtual panic proportions in late October before the U.S. Administration finally took decisive action.

Since then of course the tables have been turned. The speed of the yen's decline to the present 195-200 per dollar range has been almost as spectacular as its earlier rise.

Foreign exchange markets are clearly becoming more and more impressed by the gradual decline in Japan's trade and current account surpluses, and with heavy pressure off the yen for the time being, Japanese Government officials have begun to talk about the possibility of lifting—or at least relaxing—controls on inflows of short-term capital.

But such action could well be misguided. Judging still by the best basic criteria available, a further, albeit gradual, rise in the yen again appears to be in the cards for 1979.

This year's action on the Tokyo foreign exchange market began with heavy upward pressure on the yen in the first three months, during which the Bank of Japan absorbed an estimated $5.5bn in attempts to control the yen's advance—which as often as not was led by overseas markets in London and New York, over which the Japanese Central Bank had little or no control. (Since late last year the bank has had an arrangement with the New York Federal Reserve under which the Fed. intervenes at its request and on its behalf. But by the nature of the arrangement the intervention undertaken was relatively small.)

The strength of the bullish sentiment in the yen was well demonstrated by the way in which the market shrugged off the Japanese authorities' decision in mid-March to double the reserve requirement on non-resident free yen accounts to 100 per cent, and simultaneously to impose a ban on non-resident purchases of yen bonds from domestic issuers with outstanding maturities of less than five years and one month.

By the end of March the yen was already at 223.40 per dollar. Perhaps feeling that the kind of drastic intervention tactics used in March (which alone accounted for at least $4bn of the $5.5bn total in the first three months) were more likely to fuel speculation than to stop it—and also perhaps reluctant to lay themselves open to more foreign charges of deliberately keeping the yen undervalued—the authorities largely stayed out of the market in April and May, during which time the yen briefly hit a high of 218, before retreating above the 220 level—still regarded at that time as an important psychological barrier.

The floodgates burst open again in late June, when the Tokyo market was hit by waves of dollar selling from both foreign and domestic banking and commercial operators who had been keeping a sharp eye on the progress of the U.S. inflation, and on the lack of progress by Japan and the U.S. in correcting their respective payments surpluses and deficits.

At that time the Bank of Japan felt obliged to come back into the market, but began employing rather more subtle intervention tactics than previously—buying dollars through a large number of banks rather than through a few selected banks, changing intervention points frequently and sometimes buying dollars in a rising market to drive out the speculators.

At a different time in a different place, such tactics could have been effective. In the atmosphere prevailing in Tokyo before the mid-July summit in Bonn of leading industrial nations they were of little avail.

Soared

The Bank of Japan's intervention during June was estimated at over $500m but the exchange rate had soared to 204.50 by the end of the month. Intervention in July increased to $2.1bn, most of it in the last week of the month when the market finally became persuaded that the dollar was unlikely to be greatly aided by the high-sounding promises of the heads of government in Bonn to make concerted efforts for international economic recovery.

Between July 24 and July 28 around $1bn are believed to have flowed into non-resident free yen accounts in Japan—despite the 100 per cent reserve requirement (which was applied to increments in the accounts above average February levels).

At end-July the yen was at 190.80 per dollar. By this time the Japanese monetary authorities had clearly had enough.

Government spokesmen began to remark quite accurately that the problem was no longer so much the rise in the yen as the generalised fall in the dollar, against not only the Japanese currency but against

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Corporate profits on the upswing

JAPANESE Corporations listed on the first section of the Tokyo Stock Exchange (TSE) showed a fall in revenue and an increase in profits during the six months ended September 1978. The phenomenon of a simultaneous revenue decline and profit gain is new tothe market—at least since the end of World War Two. It would seem to indicate that Japanese corporations have become more skilled in adjusting themselves to slower economic growth and to the rising value of the yen.

Surveys conducted by Yamaichi Securities and Wako Securities covering around 370 corporations of the first section of the TSE showed a 11.5 per cent growth in current profits (including non-operating revenue) and a 2.7 per cent revenue decline for the first six months ended last September as compared with the previous six months ended last March.

The main factors behind the fall in revenue were first the deflationary effect of the yen appreciation on exports and secondly a decline in both the prices and volume of domestic sales. This reflects the fact that Japanese domestic economy has still not recovered fully from the recession.

The main reason for the significant improvement in earnings included: 1—Benefits from the yen appreciation which not only reduced the cost of imported raw materials and fuels but also produced exchange gains on import finance: 2—The success of rationalisation efforts conducted by many companies; and 3—A significant improvement in the financial position of many companies thanks to declining interest rates.

Most export-oriented companies were heavily hit by the yen appreciation, which not only cut into export profitability but also forced them to cut prices on the home market (because of competition from cheaper imported products). Differences between good and poor performances in the same export-oriented industries depended largely upon the efforts made by individual companies to cope with the impact of the yen revaluation. More than 60 per cent of corporations listed on the first section of the TSE were rewarded in their efforts to register gains in current earning level. In particular manufacturing esctors depending upon imported raw materials were favoured by the higher yen.

Example

A typical example of an industry which benefited on balance from yen revaluation was the paper and pulp industry. It faced a squeeze on its home market prices owing to the incursion of cheaper imported products. This, however, was offset by lower raw material and fuel costs and by exchange gains on imports of wood-pulp. Petrochemical companies recouped exchange loss on their exports by increasing naphtha imports which incurred a considerable amount of exchange gains.

Some companies made the best of the higher yen by registering profits on their foreign currency-denominated liabilites which were sufficient to cover losses in export value. These corporations worked on the theory that dollar-based liabilities incurred in the days of a cheaper and higher dollar would generate exchange gains from the appreciation of the yen by the time of repayment.

Improvement in financial standing (the difference between interest and dividends received and interest and dividends payed) was another characteristic of the September, 1978, interim business result. Three out of four companies covered by the review improved their financial standing by reducing their borrowings. Toyota Motor, because of its sound financial position and its active investment of surplus funds in the bond and stock markets has earned the nickname "Toyota Bank." In the heavy electrical sector Hitachi for the first time registered a Y2.5bn surplus on financial transaction which contributed to the company's record current profits of Y38.7bn. Hitachi successfully invested large sums of money received in the form of an advance payment from electric power companies in the bond market.

During the six months period ending September, 1978, Hitachi earned Y13bn of profits from bond operations by investing a hefty Y210.5bn. More than half of the members of the first section of the TSE improved their debt-capital ratio during the six months period. Sagging interest rates constituted the underlying factor for improvement in financial standing. Some corporations, however, particularly those with large amounts of surplus cash available for investment, complained of declining bond yields as a result of sagging interest rates.

Securities companies forecast that Japanese corporations will register gains in both profit and revenue for the current six months ending next March. This upswing in business performance should continue in the first six months of fiscal 1979 ending next September. These predictions are made on the promise that the yen exchange rate will move at the level of Y190 per dollar.

Assumed

It is also assumed that a 5-10 per cent rise in crude oil prices will occur after January 1979 and that the electricity industry will continue to pass exchange gains back to consumers in the form of rebates. Yamaichi Securities predicts a 5.4 per cent gain in revenue and a 7.1 per cent rise in current profits for the current six months ending next March. However, if the electricity industry is excluded, current profits are expected to rise by 14.8 per cent. Revenue should be up 6 per cent in the current six months.

However, there will be no such negative factor as a rebate by power companies in the first half of fiscal 1979 ending next September, current profits are expected to gain another 8.5 per cent during the period. The bright prospects for the March and September 1979 terms are attributable to recovery in the steel, non-ferrous metal and chemical sectors. Declining interest rates, benefits of the higher yen and rationalisation efforts will also contribute to the profit upswing.

Yoko Shibata

Eventful year

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any currency or commodity which appeared a safer or more profitable haven for those able to make the switch.

During the following three months to the end of October, when the U.S. finally decided that all semblance of a benign neglect policy towards the dollar must be dispelled, the yen had passed through the 180 per dollar level (after that foreign exchange dealers said there were no more credible "psychological barriers" left) and the Bank of Japan had made further market purchases estimated at about $1.30bn.

Following the announcement of the Carter measures the dolar immediatey gained more than 10 yen, at which point Japanese exporters (understandably enough, but unwisely, at it turned out) rushed to sell the U.S. currency, and the Bank of Japan bought close to $1bn in one of the most memorable trading days the Tokyo market has ever seen (November 2), pinning the rate at 186.

Since then, as the market psychology has gradually turned in favour of the dollar, encouraging some reversal of leads and lags and some building up of long dollar positions, the U.S. currency has not again needed such heavy support.

Recently the dollar actually recovered above the 200 level (touching a high of 203.40) and the Central Bank has indulged in the luxury of dollar sales, giving rise to a belief in the market that the authorities have an idea of a zone in which they would like to see the exchange rate stay, at least for the time being. (The present belief seems to be that this desired zone is between the low 190s and 200 but market operators do not belief the authorties would try to stick to any zone for long if market pressures really mounted against it.)

The effects on the Japanese economic recovery process of this year's yen appreciation—which followed a 23 per cent rise in its value against the dollar immediately gained more already been profound and manifold.

The decline in the external surplus in the first half (April-September) of fiscal 1978, caused mainly by currency appreciation, has acted as a powerful drag on economic growth, and is the main, if not the only, reason why Japan will fall far short of its much-ballyhooed target of seven per cent real Gross National Product growth for the year. Most private sector economists are now pitching their growth forecasts for the year at between five and 5.5 per cent.

Exports of even the most competitive Japanese products, including automobiles, are now declining in terms of volume and Yen on a year-to-year basis, while import volume is gradually picking up, and the Government's forecast of a Y2,700bn current account surplus for fiscal 1978, down from Y3,500bn last year, is beginning to look more plausible than previously.

In the first seven months of the year the surplus totalled Y2,070bn and the surplus in October was only Y74bn.

In dollar terms, of course, the situation looks quite different, partly reflecting the ability of Japanese exporters to raise their foreign currency export prices because of their competitiveness and/or the level of inflation in the export markets concerned.

The dollar-based visible trade surplus in the first seven months of the fiscal year was a mammoth $14.91bn, and the curent account surplus $10.1bn—already far above the Government's original forecast, long since discarded, of $6bn.

Tentative

Some tentative estimates by private sector economists indicate the current account surplus in dollar terms will not fall markedly — perhaps by only $2-3bn—in fiscal 1979, from the likely fiscal 1978 level of perhaps about $18bn.

A Japanese surplus of that magnitude is going to be a powerful argument in favour of continued yen strength against the dollar (the U.S. payments deficit is of course expected to narrow sharply next year, but it will still be a deficit), especially if, as seems highly likely, it is strengthened by continued Japanese success in holding down inflation to lower-than-U.S. levels.

Meanwhile — as assorted realists and cynics long prophesised — the horrors which Japanese industries predicted would befall them if the yen rose beyond 220 or 200 have failed to materialise.

A survey by the Nihon Keizai Shimbun, the respected financial daily, recently found that net earnings of a representative sample of listed companies in the April-September period were up 12.4 per cent from the preceding six-month period, although sales were down 0.3 per cent.

Some individual industries, of course, such as shipbuilding, have suffered deeply from the yen's rise. But leading groups in other areas, including steel, vehicles and textiles, have managed to cope with the effects of currency appreciation by ruthless cost-cutting programmes (including of course labour force reductions). Exploitation of the benefits of the higher yen in terms of lower costs for imported materials—as well as of emerging opportunities on the home market.

By a Correspondent

The sad story of an abortive French electricity loan

THIS IS the story of how a French bank with impeccable qualifications approached the eager, if somewhat clannish, Japanese banking community over a large loan syndication for a French Government agency. The resulting mix-up shows what a balancing act between commercial possibilities and official designs the organisation of a *major* international loan can become.

In early October Credit Lyonnais was discouraged by the response to initial soundings on setting an interest rate of only ⅜ per cent above LIBOR for the first part of a 10-year $300m credit for Electricite de France (EDF). Japanese banks were among those who rejected this slim spread, first because it would be barely profitable and secondly because the Japanese Finance Ministry and the Bank of Japan told them in no uncertain terms that they should avoid heavy lending at very low rates.

Loans

Such loans are now thought to *tarnish* the reputation of Japanese banks and, more importantly, of the authorities themselves. When Japanese banks had earlier arranged a large loan at 0.5 per cent above LIBOR for the British Electricity Council it was claimed (without proof) that low-cost funds from official Japanese sources were enabling Japanese banks to make cut rate loans.

Japanese authorities are very sensitive to foreign criticism. There was some feeling among Japanese officials that the UK authorities had taken advantage of zealous Japanese lenders in winning a very low borrower's margin for the Electricity Council. The Finance Ministry estimates that it costs on average about ⅜ per cent above eurodollar rates for Japanese banks to fund and arrange medium term lending. This leaves a very slim margin indeed when the loan rate is ½ per cent.

Credit Lyonnais came back with an offer to syndicate $600m for 10 years for EDF at the rate of 0.5 per cent. There were many takers from all over the world including considerable Japanese interest. Events from then on ran roughly as follows:

Scene 1: Mid-October, a small number of major Japanese banks make contact with the dull grey Finance Ministry (MOF) in Tokyo for talks with the short-term capital division. Credit Lyonnais has asked them to participate as co-managers in the revised EDF loans. The MOF always "kindly asks" commercial banks to keep it abreast of large foreign loan syndications. Credit Lyonnais, the banks say, will keep the Japanese participation to one quarter of the total, or $150m. The MOF is happy: it has no objections to co-managers putting up $30m each, providing the loan is international in nature—that is, not Japanese dominated.

Scene 2: One week later the manager of the MOF's short-term capital division finds that Credit Lyonnais has asked nearly every bank in Tokyo *whether it wants to participate in* the EDF credit. Calls have come in from more than 15 banks showing that interest in putting up $30m per bank in widespread. Credit Lyonnais has apparently contacted each bank individually.

MOF, without much difficulty, calculates *that* 15-20 banks at dollars 30m a shot adds up to nearly $600m. This begins to look just like the "banzai" or "harakiri" loan which the MOF is anxious to avoid. The banks interested in the loan are contacted by MOF officials. MOF advises that they should discuss among themselves how to avoid dominating the loan. The MOF is willing to accept a $150m share for Japan but not the large chunk which now seems possible.

Scene 3: The Japanese banks, *en masse, inform Credit* Lyonnais that they don't want to be co-managers, but might be interested in participating as lesser members of the group. The smaller participation would probably amount to $10m or less per bank.

Meddling

Scene 4: news of MOF "administrative meddling," in the very middle of negotiations for the loan, gets back to the French monetary authorities who, understandably, are keen on getting the cheapest funds possible for a State-run agency.

The French officials are angry at what they are told their Japanese counterparts did (there has not been any direct communication on the matter, at least as far as Tokyo's MOF officials know). It makes the French look bad to have the entire Japanese banking community reject management roles for a very creditworthy borrower, especially after they have lent to the British.

French officials in Tokyo say the French authorities should have been consulted. "Japan should realise that this kind of thing should have been avoided," one French official huffs. He states that the EDF loan doesn't need Japanese banks for completion, anyway. At the Bank of Japan and among private Japanese bankers there are rumours the French Embassy will approach the Japanese Finance Ministry (or maybe the Foreign Ministry) on the matter. The French say no: it is up to the Japanese to explain their inscrutable ways. Official action is not planned.

Japanese bankers are critical of the way Credit Lyonnais presented the whole loan to the Japanese. Could the French have been playing on a known tendency of Japanese banks to play follow the leader into business opportunities — thus making the French job much easier? One high ranking official Japanese source says he is surprised by the French tactics. If Credit Lyonnais had asked only a few banks instead of involving a large number "the syndication would have gone very smoothly," he says. At one point in the aftermath of the affair a French banker fumed that the Japanese Finance Ministry was heavily under the influence of a couple of Japanese banks and that was why these stories of "French mishandling" arose.

Epilogue: the Japanese MOF says it has no objections to Japanese banks participating in the EDF syndication. It says that it chose to call the Japanese banks together, as the EDF loan discussions were getting underway in an effort to avoid criticism for being "too aggressive."

Credit Lyonnais after a brief interval Telexed a small number of Japanese banks asking if they wanted to participate in the loan. It is rumoured that the French authorities simply wanted to reject Japanese participation at one point. The total Japanese contribution was a fraction of what it might have been. One banker involved in the loan talks says there will be other repercussions from the sad series of events. MOF says it is willing to see Japanese banks lend to the French. A MOF official laments that confusion is apparently quite normal in international lending projects.

R.H.

Insurance offices in syndicated lending

JAPANESE LIFE assurance companies have made a significant entry into the overseas lending business this year. Aided by a loosening of regulations from the end of 1977—and spurred by the same sluggish demand at home for loans and low yields that faces all financial institutions — the potential for future lending *appears enormous*. Even the non-life insurance industry has begun approaching the Finance Ministry for permission to lend abroad.

This outward movement by the Japanese as insurers comes at a time when a number of foreign life assurance companies are expressing more interest in entering the Japanese market. So far, three U.S. companies have actually set up shop, with apparently favourable results.

However, Japanese industrialists *and authorities doubt* whether all the potential newcomers will satisfy the basic qualification of offering something new and beneficial to the country in terms of insurance products or sales methods.

Japanese life assurance companies will have participated in yen loan syndications to foreign borrowers worth about Y134.6bn (£356m) by the end of this year. The first such involvement came in December 1977 in a credit to the Mexican oil company Pemex. Nippon Life *Insurance, by far the largest in* Japan, will have taken part in 18 syndications when those in the pipeline have been cleared.

Varied

The degree of participation has varied from case to case, but in September life insurers provided Y45bn of a Y70bn loan to the World Bank; and in October Y19bn of a Y40bn loan to Australia. In future the life assurance companies will be limited—theoretically—only by the present Finance Ministry restriction that such lending must not exceed 10 per cent of total assets. Such assets are now estimated at around Y18,000bn which means less than 1 per cent of the limit has thus far been used.

The reason for stepping up lending overseas is quite simple. The average yields for life assurance companies have dropped from about 8-9 per cent a couple years ago to about 7-8 per cent now. The Japanese insurance companies pay dividends to policyholders, which puts considerable pressure on them to make the best use of their funds. Japan, however, is in the midst of a large oversupply of funds domestically, and interest rates are at post-war lows.

Life assurance and non-life insurance companies in 1977 accounted for 5.9 per cent of all loans outstanding in Japan, but the rate of increase in loans has fallen off as corporations remain reluctant to invest in new plants and equipment. Assets of the life assurance companies of 1977 totalled Y17,046bn, while non-life insurance assets came to Y5,077bn.

In general the life assurance industry is entering a period of slower growth. Officials project that future growth in assets and premiums will slow from the 20 per cent rate of past years to about 10 per cent as the nature of the Japanese market changes. Competition is expected to become more intense as a result.

It may be possible for the life assurance companies to develop the expertise and experience in international lending required to make up exclusive yen loan syndicates. Some view the potential for a large insurance company like Nippon Life to manage a yen loan as only one or two years away. There will be, however, considerable reluctance in some quarters of the Finance Ministry to allow such a development. Insurance company officials also note that it will be difficult for them to attract mandates from those wanting to borrow from the Japanese market.

Attention on the foreign insurance presence in Japan recently has focused on the non-life insurance side because *of the prospects for large* (particularly U.S.) insurance companies to tap the Japanese market.

On the non-life side about 38 foreign companies are licensed to write various kinds of insurance. Their market share last year was only about 3 per cent of the volume transacted by Japanese companies. One estimate puts the foreign share at about 1.8 per cent of the net premiums (net retained after reinsurance). Non-life insurance business will grow more competitive as the result of a 20 per cent cut in fire insurance rates.

The three life foreign assurance companies now operating in Japan are American Life Insurance (Alico) *which* received permission to sell insurance in 1972; Allstate, the Sears, Roebuck affiliate which set up in partnership with Seibu Stores in Japan; and American Family Life Assurance. Each was allowed in by the authorities because they offered specialised products or used unique sales methods. Alico sells a plan that covers medical costs; American Family sells cancer insurance; Allstate set up booths in Seibu Department stores to sell a range of products. Previous attempts at *over-the-counter* insurance sales by Japanese companies have failed. Seibu-Allstate is running one and a half years ahead of its 10-year development plan and recently doubled its capitalisation as planned. The others are also doing well.

The prospects for future entries to the market have become somewhat clouded. The Finance Ministry says Prudential Insurance Company of America, the world's largest insurance company, is currently calculating whether a Japanese operation would be profitable. The Japanese industry has reacted with apprehension at the prospect for such a large competitor. Prudential has been discussing a joint venture with Sony the electronics manufacturer.

The Japanese industry fears that Prudential, whose assets of about $46bn dwarf those of Japan's biggest company, will be able to use Sony's 3,000 stores across the country as a base for agencies. Prudential, with its assets, could launch a very powerful advertising campaign.

It is not known what Prudential would like to sell in Japan, though its executives have indicated that they would consider the Japanese market *promising*. *Other* insurance company officials note that Prudential could simply try to sign up Sony employees. For the first year of Seibu-Allstate's operations, the insurance written was almost exclusively for other Seibu employees. This has now dropped to about 40 per cent of new insurance sold.

R.H.

Europe's diesel cars gather momentum

BY STUART MARSHALL, Motoring Correspondent

AS THE motor industry of Europe adapts to ever-increasing fuel costs and demands for a cleaner environment, the diesel-engined passenger car steadily gains ground.

The move to diesel became apparent in 1974, the first year of the energy crisis. Car sales generally declined as economies went into recession and governments steeply increased petrol taxes to curb consumption, but diesel cars went against this trend.

In the five main diesel car markets in Europe—Belgium, France, Germany, Holland and Italy—their sales rose by anything from 16 per cent (Holland) to 40 per cent (France).

In the stagnant car market of 1975, diesel sales grew by 21 per cent and in the following year they were 70 per cent higher than they had been in 1973. Since then the climb has continued. Diesel cars now account for an average 5.5 per cent of all registrations in these five markets.

The diesel's main advantage over a petrol engine is that it uses the fuel's energy more efficiently, especially when the car is lightly loaded. Thus in the stop-start conditions of city traffic, the diesel is at its best and the petrol engine at its worst. For example, the Volkswagen Golf diesel's urban cycle consumption is a little over 60 miles per gallon compared with the 33.2 mpg of the petrol-engined Golf.

At higher speeds the diesel's fuel advantage declines although it will still have a consumption perhaps 20 or 30 per cent less than that of a petrol engine. Lower rates of tax on diesel fuel are an additional incentive in some countries. In Italy, gasoil bears a little over one-third of the duty on petrol. In France, a gallon of gasoil costs about 86p compared with £1.46 for premium-grade petrol.

Germany is a paradox. It has more diesel cars than any country in the world though its unrestricted autobahns are the last places where a diesel can show its best fuel economy. And gasoil in Germany is only a couple of pfennigs a litre cheaper than petrol. It is, however, hinted that some of the estimated 750,000 diesel car owners in Germany may occasionally be tempted to top up their tanks from the domestic central heating oil supply.

Other than in respect of fuel economy, the diesel engine does not compare well with the automotive petrol engine. Because of its very high compression ratio—commonly 22 or 23 to one compared with a petrol engine's 7 to 8.5:1—it has to be more strongly made, which adds cost and weight. Fuel injection equipment has to be made to fine tolerances and costs several times as much as the ignition system and carburettor it replaces. A diesel needs a more powerful starter motor and heavier battery. It has to be pre-heated for perhaps 30 seconds before cold starting and, size for size, develops between 30 per cent and 50 per cent less power than a petrol engine.

On the positive side, a diesel has up to twice the service life of a petrol engine and, given occasional routine attention to the fuel system, is remarkably trouble-free.

Although it may surprise many motorists who have crawled up hills behind smoke-belching lorries, the emissions of a diesel engine are inherently cleaner than those of a petrol engine. It produces less carbon monoxide, unburned hydrocarbons and nitrous oxide than a petrol engine and its fuel is free of lead. Much of the U.S. motor industry's increasing interest in diesels — an estimated 100,000 diesel cars will be registered there this year — is based on the ease with which they meet current and projected emission requirements without additional equipment.

Every major European car maker with the exception of Renault and British Leyland now has one or more diesel cars in its model range.

Citroen, a relative newcomer, introduced a diesel version of the CX three years ago. In the past 12 months it has made 54,000 CX diesels, representing 48 per cent of total CX production.

The engine, basically a light truck unit, has recently been enlarged to 2½ litres capacity and mated with a five-speed gearbox for easier, even more economical high-speed cruising. At present, the CX diesel accounts for 7½ per cent of Citroen's total production. A growth of between 5 and 10 per cent annually is forecast.

Fiat entered the diesel car market even more recently than Citroen but already lists seven models based on the 131 and 132 with engines of 2-litres or 2.5-litres capacity. These are made at the Sofim plant at Foggia, jointly owned by Fiat, Saviem (the commercial vehicle side of Renault) and Alfa Romeo. At present the Sofim plant is producing a little over 300 engines per day, but will make 1,000 units when fully on-stream. Given another 10 per cent of capital expenditure, the plant could produce 1,600 units a day. Not surprisingly, Sofim is looking for sales to other vehicle assemblers. Next year, Fiat expects to sell 45,000 of its 131 and 132 diesel cars, 20,000 of them in export markets.

U.S. MANUFACTURERS TAKE A GROWING INTEREST
Sales in the U.S.

	1977*	% share	1978*	% share
Oldsmobile	1,068	3.0	46,228	40.0
Volkswagen	8,467	24.2	38,662	33.5
Mercedes	20,729	59.0	22,093	19.1
Peugeot	4,857	13.8	5,138	4.5
Cadillac	0	—	3,375	2.9
Total	35,121		115,496	

* First 11 months

Source: Ward's Automotive Report

DIESEL CAR SALES IN UK

	1978*	1979†
Citroen	284	250+
Ford	622	2,500
Mercedes	673	600+
Peugeot	860	1,500
Volkswagen	765	1,000

* First 11 months.
† Forecast.

Diesel-engined versions of the new Fiat Ritmo are likely to appear in 1979 powered not by the Sofim unit but by a "dieselised" petrol engine based on the 132 model cylinder block. Even smaller Fiat diesel cars, including the successor to the current 127, can be expected.

Ford of Europe added a diesel car to its range at the end of last year—a Granada powered by an elderly Peugeot 2.1 litre engine modified to meet Ford's requirements. So far, Ford has made 18,318 diesel Granadas in Germany, representing 8 per cent of total Granada output, a proportion that is expected to increase. Unlike Fiat and Volkswagen, Ford disclaims any interest in "dieselising" engines for its smaller cars such as the Erica, a front-drive family car that will replace the Escort in two years' time. Ford sees the diesel as a viable unit only in the large, up-market car.

Daimler-Benz, which built its first Mercedes diesel car in the 1930s, is now well into its second million. This year, it will have made 175,000 diesels, out of a total 390,000 cars, a figure that would have been higher but for the company's month-long strike. For 1979, some 200,000 diesel cars are projected, representing 45 per cent of production. At the moment, Mercedes is unique in marketing a turbo-supercharged diesel car. This is the 300SD, of which 13,000 have been sold exclusively in the U.S. Next year 60 per cent of the Mercedes cars sent to the U.S. will be diesels. The proportion will grow. Mercedes sees the diesel as the answer to the problem of meeting the 27.5 miles to the U.S. gallon fleet average consumption requirement by 1985 with cars of their present size.

Opel built 46,000 diesel-engined Rekord and Ascona cars in the first 10 months of this year, representing 4.5 per cent of production, and predicts a higher diesel proportion next year.

Peugeot produced 179,204 diesels last year out of 808,955 cars, which was 22 per cent of output. This year's total of 129,830 for the first 10 months is slightly down in percentage terms to 18½ per cent, a side effect of introducing the new 305 and boosting output of the 104 petrol-engined models. But it sees the proportion climbing again next year when "in response to political and environmental pressures," diesel car output will rise and some new models (including 305 diesels) can be expected.

VW/Audi is unquestionably the pacemaker in dieselisation. Its Golf diesel, powered by a clever conversion of the 1.5 litre petrol engine, has set a new standard of economy, performance and refinement. In years to come it will be seen as one of the most significant automotive developments of the decade. Although in the first nine months of this year 132,145 Golf diesels were manufactured, there is a two-year waiting list for the car in Germany and a huge unsatisfied demand in export markets. VW/Audi is now making just over 1,000 diesel units per day, including Golfs, the larger Passat and, in small but growing numbers, a five-cylinder diesel Audi 100.

A six-cylinder diesel engine, which VW uses in its LT light commercial range, is also being supplied to Volvo for use in the 260 series passenger car.

Renault, which some industry observers consider was taken by surprise by the diesel rush in France, will launch its own diesel car, probably toward the end of 1979. It will be based on the five-door hatchback shell of the R20 and R30. In spite of the Saviem connection, it will not be powered by the 2½ litre engine from the Sofim plant in Italy but by a "dieselised" version of the 2-litre petrol engine made at the jointly owned Peugeot/Renault/Volvo plant at Douvrin, in northern France.

Britain has not competed in the diesel race. Though a pioneer in the early post World War II era with a Standard Vanguard diesel, our motor industry has shown little interest since.

A few hundred Morris Marina diesels have been exported to the Far East for use as taxis and a Leyland diesel powers the "dreadnought" London-type cab.

But there has been a significant change of heart in recent months which the Government's proposal to replace the £50 annual car tax with higher petrol duty has stimulated. BL Cars proposes to put on the market a 1.8 litre diesel Princess in mid-1979. It will be powered by the engine currently used in the Sherpa van and will be BL Cars' only short-term foray into diesel.

Longer term, there are ambitious plans for a range of diesel cars. Some will be powered with a "dieselised" version of the O-series petrol engine recently introduced into the Princess 2 and Marina 1.7. Others, from the Jaguar Rover Triumph division, will have six-cylinder power units, possibly developed from the engines now used in the Rover 2300 and 2600.

With BL Cars' entry into the field, some of the British motor industry's indifference, even antipathy, toward the diesel car can be expected to disappear. Until now, it has always maintained that any official encouragement for the diesel car would have benefited only the importers.

The market in diesel cars in Britain has been insignificant. The total this year will be an estimated 3,700 registrations. Next year, with the VW Golf expected to be in better supply, Ford's Granada not strike-bound and BL Cars' Princess making its appearance the market could more than double. What happens to it in future depends largely on government action on fuel taxation.

DIESEL CARS IN EUROPE AND THE U.S.

Market	1973 Total	1973 Of which diesel	1973 Share %	1974 Total	1974 Of which diesel	1974 Share %	1975 Total	1975 Of which diesel	1975 Share %
Italy	1,449,100	21,317	1.2	1,280,710	26,724	1.6	1,050,947	32,740	2.7
France	1,745,795	35,422	2.0	1,524,359	49,963	3.3	1,482,312	66,047	4.5
Germany	1,986,484	75,336	3.6	1,661,638	76,713	4.5	2,071,387	89,112	4.3
Belgium	335,763	11,579	3.7	330,495	16,063	4.9	357,897	17,288	5.0
Holland	430,000	6,800	1.6	445,000	7,900	2.0	480,000	10,000	2.2
Total	5,947,142	150,454	2.4	5,242,202	177,363	3.3	5,442,543	215,187	3.9
U.S.	11,350,995	6,252		8,701,094	13,208		8,261,840	24,465	

Market	1976 Total	1976 Of which diesel	1976 Share %	1977 Total	1977 Of which diesel	1977 Share %	1978 (Jan.-Aug.) Total	1978 (Jan.-Aug.) Of which diesel	1978 (Jan.-Aug.) Share %
Italy	1,158,515	37,990	3.2	1,204,245	47,878	3.9	922,059	48,218*	5.2
France	1,858,234	79,942	4.3	1,906,071	122,264	6.4	1,278,648	81,372	6.3
Germany	2,273,096	110,718	4.9	2,516,319	119,547	4.7	1,841,177	94,609	5.1
Belgium	412,987	19,872	4.8	415,081	27,616	6.6	303,921	20,976	6.9
Holland	530,000	9,700	1.8	549,602	18,500	3.3	408,175	16,704	4.1
Total	6,232,832	258,132	4.1	6,591,318	335,805	5.0	4,753,980	261,779	5.5
U.S.	9,751,485	24,593		9,210,784	37,498	0.4	8,089,231†	83,474†	1.0

* Deliveries † Jan.-Sept.

Source: Fiat

Letters to the Editor

Tomorrow's products

From the Technical Director, Standard Telephones and Cables

Sir,—Mr. A. Smallhorn (December 14) has misread my reference to the pocket calculator. The point I was trying to make was that, at the time of its inception, it could well have been judged to be useless. History has proved how wrong that judgment would have been and hence how misleading a judgment based on perceived usefulness can be.

I agree completely with Mr. Smallhorn when he warns against too rapid abandonment of old techniques. The important thing is to recognise which technologies are most likely to be replaced by new developments and it is certainly true that many aspects of mechanical engineering are not affected by microelectronics. Semiconductors will not cut or bend metal. But they can and do have a tremendous impact on the control of such intrinsically mechanical processes.

Many ostensibly all-mechanical products contain an element of information processing and this element must be regarded as replaceable by microelectronic techniques. A good example is one of the latest sewing machines in which it has been recognised that the essentially mechanical movements are those of the needle and fabric (as long as the concept of stitching persists) and that the control of these movements to produce different sewing patterns is an information processing activity. This activity is now being performed by microelectronics—the essential mechanical parts remain.

S. B. Marsh,
STC House, 190 Strand, WC2.

Elections in Venezuela

From Mr. A. Forsyth

Sir,—I have read a report of your paper's apparently rather patronising remarks (December 5) on the recent elections in Venezuela.

Although the campaign was over-long, the way in which the elections here were conducted should be an example for Britain to ponder on.

There was not the bitter ideological confrontation to which we are accustomed. There were not the personal animosities we take for granted in our election campaigns. There was strong public disapproval of overheated language and over-aggressive attacks on opposing policies and personalities. Both main parties stressed they would govern on behalf of all the people. I do not recall the concept of "class" being referred to at all. And yet there was massive involvement on the part of the people in the campaign.

What Venezuela now has is what Britain used to have—two large parties, without major ideological differences, the one team being able to replace the other when as a government it grew tired or incompetent. In such circumstances the British—and Venezuelan—"first-past-the-post" electoral system is appropriate. Where opposing parties are struggling from minority positions to impose their ideologies, it is not.

The Venezuelan papers also reported on the agreement reached on the European Monetary System, welcoming it as the start of a new era. Britain's inability to participate fully was noted—the mark of a weak and politically divided nation unable to chart and hold a course to prosperity. The Caracas papers however were too polite to say so.

A. E. Forsyth.
*Quinta los Penales,
Calle San Fernando,
Prados del Este, Caracas.*

Discs for car registration

From the Chairman, Contessa Cars

Sir,—Commenting on my letter outlining proposals for vehicle registration discs (November 29) John Philip under "Insurance," on December 2 assumes wrongly that the disc would supersede all existing documentation. With your permission a little more detail may make for a clearer understanding.

The licence office issuing the registration mark would supply the disc bearing that mark; make, model and colour printed on a central band on both sides of the disc. The manufacturer's agent would affix a stamp to one side above the central band indicating that pre delivery service confirmed MoT test standards. The stamp should be of distinctive colour and bear: MoT test certificate number, expiry date and vehicle registration mark. A similar stamp should also be fixed to the MoT certificate which details the tests. Both should be franked with date of issue.

With this proof of roadworthiness, the insurance company *could affix its stamp under the* central panel on the same face of the disc. The insurance stamp could be of design to the style of each insurance company but in a colour to denote the main insurance category "*fully comprehensive, etc.*" It should be overprinted with policy number with suffix letters to indicate general limitations, eg. 123456: FC: AAD: for fleet cover, any authorised driver, together with expiry date and vehicle registration mark. A similar stamp would be affixed to the policy document and franked with date of issue.

In succeeding years, the colour of the MoT stamp would indicate the year of test in contrast to the insurance stamp which could denote insurance category by colour. By using alternate sides of the disc at each successive issue, a measure of continuity would be illustrated.

In minor accidents it is not uncommon for the parties to exchange spurious information—the disc would end such nonsense and would save time for both police and motorist alike where the constable is merely satisfying himself that the vehicle is insured. Documents could still be produced in court in prosecution and I cannot agree with Mr. Philip that such simple yet comprehensive procedure would be adverse to proper law enforcement, indeed insurance companies would be better protected from ill maintained vehicles, the owner would be better protected from "casual" servicing and the police, relieved of some tedious routine, would be freer to tackle more violent crime.

Much more could be written but the foregoing should suffice to indicate that the law has been met in terms of vehicle safety and insurance and together with the increase in fuel tax catching the present licence dodgers, all that we need for the future is the awareness that precious oil will run out by the year 2000—a cold prospect indeed — and worse if you consider all the implications.

Incidentally will Mr. Philip please note my name is Sunderland as correctly spelt originally, not Sutherland—I am not a Scot much though I admire that sturdy race on our northern border — but I may have Viking origins!

E. E. Sunderland.
*Park House Coach Works,
Keighley, Yorkshire.*

What size of carafe?

From Brigadier N. Chesshyre

Sir,—I agree with Mr. Scott (Dec. 15) that restaurants ought to offer drinkable wines in carafe form. He does not, however, comment on the capacities of carafes.

I believe that most wine drinkers find that half a standard bottle between two is not quite enough and that, similarly, three is a better number than four to share a whole bottle. In France carafes are generally available in ¼, ½ and 1 litre sizes.

Sadly carafes in these sizes are becoming increasingly rare in this country.

(Brig.) N. H. L. Chesshyre,
5, Willifield Way, NW11.

Pure pension aspects

From Mr. A. Yadgaroff

Sir,—As a speaker at the conference on which Mr. Short based his article of December 14, and although I read his report with interest, I do feel that it would be helpful in any future reporting you could emphasise "pure pension" aspects of these schemes since *the phrases "captive" and "tax haven"* are anathema to the superannuation funds office. One minor point—the investment of funds only remains in the hands of the company if it is the sole trustee.

A. H. Yadgaroff.
60, St. James's Street, SW1.

Social costs of permanent inflation

From Professor Dudley Johnson

Sir,—Mr. Golding (December 5) argues ". . . that the weakness of the monetarists' position is that they believe that a rising general level of prices can only be brought about by an expansion of the money supply . . ." but ". . . all that is required is that the existing money stock however defined, circulates somewhat faster." Mr. Russell (December 5) states that I did not give an answer to the question I raised earlier of the unemployment cost of not beating inflation or ". . . to the more important question of how to provide a satisfactory solution against inflation."

The research (theoretical and empirical) on the stability of the income velocity of money itself and relative to the Keynesian multiplier, is voluminous and technical. Therefore, the best I can offer here is a dogmatic statement, possibly made more persuasive with some simple empirical data. The income velocity of money—the demand for money function—is an empirically stable function, containing clearly specified economic variables, so that past changes in the rate of growth of the money supply determine the inflation rate—i.e., it is not an independent passive factor that automatically adjusts upward to take off the market an ever increasing flow of higher priced goods and services, whether cost-induced or otherwise. Consequently, there is no technical problem as to how to end inflation: reduce the rate of monetary growth. And, to the extent a random increase in velocity occurs, for whatever reason, this can be counteracted by an appropriate decrease in the rate of change in the money supply.

Consider the simplest theory of inflation—"too much money chasing too few goods." As simple as this is, this can explain inflation, if given enough time; but, as Mr. Golding points out, in shorter periods changes in velocity, alternatively stated, changes in the amount of money the public wishes to hold (changes in the demand for money per unit of output), may cause prices to rise faster or slower than the difference between the growth rates of money and output.

The table (taken from "Shadow European Economic Policy Committee: Policy Statement and Position Papers," May 29-31, 1978, Graduate School of Management, Center for Research in Government Policy and Business, University of Rochester) is quite illuminating. It shows that the simple theory explains for most countries the average rates of inflation for the past three years about as well as one can expect. The calculation in column (3) shows the difference between the growth rate in the money supply and the growth rate in real output. This difference is the expected or predicted rate of inflation if, on the average, there does not occur any changes in velocity during the three-year period. In column (4) we see the actual rate of inflation for the same period. The errors, which are relatively small, resulting from using the simple theory are shown in column (5).

The only two countries in which velocity actually declined were Germany and Switzerland but the monetarist model would have predicted this, because the rates of inflation declined in the two countries. The rate of inflation is one determinant of velocity and when it falls (actual and/or expected), the cost of holding real money balances falls therefore the quantity demanded increases — i.e., velocity falls. This accumulation of Mark and Swiss Franc balances has allowed Germany and Switzerland to have substantially lower inflation rates than France or Canada, with average rates of growth in output and money similar to Germany's.

Also, the data shows unequivocally that the rate of inflation is high or low where the rate of money growth is high or low. And those who advocate some sort of an incomes policy, formal or informal, to control inflation, should find the evidence in the table of interest. Britain has had some type of incomes policy for years; France since 1945: Italy has a complex set of controls, and Canada is in the process of dismantling its price and wage controls. The comparative rates of inflation do not indicate any important effect of these policies. On the contrary, Germany and Switzerland, with the fewest wage and price controls, have the lowest inflation rates.

Let me turn to the two questions raised by Mr. Russell. I believe that the only way to eliminate inflation is to reduce over time the rate of monetary growth and the growth in the Government sector until price level stability is achieved. And it is crucial that this policy be well publicised and fully understood if it is to be credible. Currently, especially in the U.S., not only does the informed public not believe (with good reason, I might add) in the anti-inflation policies announced by policy-makers, but feels that they have not developed a policy capable of slowing the rate of inflation.

I am obviously unable to give a specific estimate of social costs of not beating inflation—i.e., the social costs of permanent inflation. Nor am I able to specify the social costs associated with anti-inflationary financial policy. But the social costs of permanent inflation, it seems to me, are constantly under-rated.

Fully anticipated inflation by economic agents does not describe the historical experience inflations. What we have rather are erratic and uncertain rates of inflation, accompanied by spurts of anti-inflationary policies responding to political pressures after price movements have accelerated. And output and employment are both adversely affected by such unanticipated inflation rates and the vagaries of anti-inflation policy.

Thus, a policy of permanent inflation in the actual world generates these in intermittent declines in output and increases in unemployment just like a determined permanent anti-inflationary policy does. But the latter is a single-shot cost. The former produces a repeated stream of these costs distributed over time.

And I might add that there are other social costs associated with permanent inflation—misallocation of resources, social tensions, etc. Thus, in my opinion, the social costs of permanent inflation as experienced historically exceed those associated with a permanent anti-inflationary policy.

Dudley W. Johnson,
(Professor of Business Economics and Sir John Cass Senior Research Fellow),
City of London Polytechnic,
84, Moorgate, EC2.

Three-year average rates of change of money, output and prices from fourth quarter 1974 to 1977

Country	Money (1) %	Real output (2) %	Implied prices‡ (3) %	Consumer prices (4) %	Error (5) %
Canada	11.1	3.2	7.9	8.4	+ 0.5
France	11.5	2.0*	9.5	9.9	+ 0.4
Germany	10.9	2.6	8.3	4.4	− 3.9
Italy	17.5	2.2	15.3	16.2	+ 0.9
Japan	10.7	4.7	6.0	6.4†	+ 0.4
Switzerland	5.0	− 0.7*	5.7	2.1	− 3.6
UK	15.9	− 0.3	16.2	17.7	+ 1.5

* Industrial production, GNP not available. † GNP deflator. ‡ Columns (1) − (2). Source: Federal Reserve Bank of St. Louis.

Today's Events

GENERAL

Labour Party National Executive meets in London to approve election manifesto.

King Hussein of Jordan meets Mr. James Callaghan, London.

TUC General Council meets, Congress House, London.

CBI Council meets, Tothill Street, London.

Final talks on Greek entry into EEC, Brussels.

NUJ national rally at Nottingham in support of provincial journalists' strike.

Conclusion of talks between Britain and Argentina in Geneva on future of Falkland Islands.

OFFICIAL STATISTICS

Basic rates of wages and normal weekly hours (November). Monthly index of average earnings (October). Construction—new orders (October).

COMPANY RESULTS

Final dividends: BOC International. **Interim dividends:** AGB Research. Edbro (Holdings). Equity Consort Investment Trust. Philip Harris (Holdings). Nova (Jersey) Knit. Petbow Holdings. Radiant Metal Finishing Company. Scottish and Newcastle Breweries.

COMPANY MEETINGS

Armour Trust, 37 Upper Grosvenor Street, W, 12. British Empire Securities and General Trust, Saddlers' Hall, Gutter Lane, Cheapside, EC, 12. British Industrial and General Industrial Trust, 117 Old Broad Street, EC, 2.30. Equity Inc. Trust, New Court, St. Swithin's Lane, EC, 2.45. London Investment Trust, 96 Marsham Street, SW, 11. Long and Hambly, Winchester House, 100 Old Broad Street, EC, 11.30. Northern Industrial Improvement Trust, Blue House, Washington, Tyne and Wear, 10.30. Scottish Cities Investment Trust, Winchester House, 100 Old Broad Street, EC, 12. Wellco, Royal Westminster Hotel, 49 Buckingham Palace Road, SW, 11. Wemyss Investments, 4 Melville Crescent, Edinburgh, 12.

Granada at £34m: peak advertising revenue

PROFITS up from £25.15m to £34.02m before tax of £18.12m against £13.52m are reported by the Granada Group for the year ended September 30, 1978, from turnover of £250.16m compared *with £212.41m previously.*

Earnings per share are shown at 12.59p (9.16p) and the final dividend is 1.4837p making 2.6727p against 1.9453p. A one-for-four scrip issue in ordinary and "A" ordinary is also proposed.

Granada Television net advertising revenue was a record and continues to be buoyant, the directors say. Bingo social clubs and cinema profits increased by 49 per cent while motorway services increased profits by 55 per cent.

	Year 1977-78	1976-77
	£000	£000
Turnover	250,159	212,411
Depreciation	34,081	31,899
Interest	4,143	6,012
Pre-tax profit	34,016	25,151
Tax	18,115	11,630
Minorities	173	186
Exchange adjust.	3,495	233
Extraord. debits	18	222

A split-up of turnover shows (in £m) TV rental UK £88 (£82) and overseas £32 (24): television £64 (£53): bingo social clubs and cinemas £15 (£11); motorway services £30 (£23); properties £1.6 (£1.5); books and music publishing £8 (£7). Other activities £11 (£10).

An analysis of profit shows TV rental UK £17.9 (£13) and overseas £2 (£2.3); television £8 (£6): bingo social clubs and cinemas £2.7 (£1.8); motorway services £1.3 (£0.8): properties £1.3 (£1.2); books and music publishing £0.7 (£0.7); other activities £0.18 (loss £0.15); group finance costs £0.73 (£1.07).

All companies showed improved results with the exception of book publishing where trading was adversely affected by economic conditions in Australia and New Zealand.

TV rental in the UK now has 445 showrooms and 85 service depots. During the year the group re-sited 13 showrooms to better trading positions. The special services division has extended its position as the major supplier to the hotel TV contract market and rental income has more than doubled in the last two years.

In the year 21 showrooms were opened in Europe and Canada and the results are after charging the cost of developing these new showrooms. Nova-Tel SA *is now fully integrated with the* original French business.

Since June, the group has opened a further five showrooms and now has 138 overseas.

Turnover of the subsidiary, Baranquilla Investments, improved from £1.37m to £1.4m and profits were £818,000 against £811,000 - subject to tax of £435,000 (£433,000).

Earnings per share are shown at £46.4p (45.8p) and the final divident is 21.3149p making a total of 34.7473p.

See Lex

Plaxton's increase to £2.4m

PROFITS BEFORE tax of Plaxton's (Scarborough) amounted to £2.42m for the year ended October 1, 1978, compared with £1.64m in the previous 57 weeks. Turnover was £19.99m, against £17.37m.

First half profits had increased from £357,000 to £863,000 and the directors said then that the year's profits were expected to show an advance on the previous year.

Tax for the year takes £748,000 (£259,000) giving earnings per share of 28.1p against 23.2p.

FMC figures are on Page 27

Comparisons are adjusted for deferred tax in line with SSAP 15.

The final dividend is 3p *making 4.75p compared with an* equivalent 3.9p previously. The final is subject to Treasury consent.

Lloyds Intnl. up to £44.2m

TAXABLE PROFITS of Lloyds Bank International rose £1.1m to £44.2m for the year ended September 30, 1978.

The result was after charging for the first time depreciation on freehold and long leasehold properties of £1.2m, and £7.9m (£7.1m) for exchange losses on working capital denominated in foreign currencies.

Share of profits attributable to the European division rose to *22 per cent in 1977-78, largely as* a result of exchange movements on the bank's Swiss investment.

The North American and Far Eastern divisions contributed 14 per cent to 6 per cent respectively, each substantially greater than the previous year.

Its Middle Eastern division maintained profit at about the previous year's level, whereas profits in the UK and Latin American divisions came under some pressure and accounted for 18 per cent and 37 per cent respectively; the latter was also unfavourably affected by exchange movements.

Advances and other accounts increased 7.6 per cent from £2.72m to £2.92m, but interest margins narrowed.

Diamond Stylus expands

PRE-TAX profits of Diamond Stylus Company went up from £58,419 to £80,116 in the six months to September 30, 1978, on turnover ahead from £606,582 to £768,400. Net after tax profit was £41,660, against £40,777.

The directors say they are encouraged by trading results so far, and expect this trend to continue. Consolidated results for the whole of last year show pre-tax profits of £206,000 (£121,000). Last year's profits were after charging £57,700 loss for a subsidiary company, and £53,000 written off for goods supplied to Rowin SPRL, and after crediting £69,000 temporary *employment subsidy.*

The half-year results include a temporary employment subsidy of £5,750 (£31,760) and small firms employment subsidy of £2,148 (nil).

The interim dividend is 0.2837p net against an equivalent 0.2541p. The total last year was an equivalent 0.665p.

£1m provision by Wilkins & Mitchell

The Receiver has been called in to Wilkins and Mitchell's loss-making Australian washing machine business.

Wilkins, which manufactures the Servis washing machines and other domestic appliances, had been seeking either a partner or bidder for its Australian *subsidiary.*

Now a receiver has been appointed by the Australian and New Zealand Bank. As a result of this move Wilkins says it will provide provisions totalling £950,000 in its accounts for the year 1978.

Asda advances by 26% in buoyant trading

WITH BUOYANT trading in its operating divisions Associated Dairies lifted taxable profit 26.1 per cent to £14.5m in the half year to October 28, 1978. Sales by the group improved 28.6 per cent to £316.4m.

Announcing this the directors said that the company's offer for Allied Retailers, made in November, is now unconditional. This means that a net final dividend of 4.3p will be paid for the year to April 28, 1979, taking the total to 5p, compared with an adjusted 0.64949p. The Treasury, as known, has stated that the group will not be subject to dividend controls for the accounting *period to the end of 1979-80.*

The half year results include 26.5 per cent of the taxable profit of Wades Departmental Stores, acquired in October, which were ahead 37.9 per cent from £443,000 to £611,000 on sales up 37.7 per cent.

At the trading level the group surplus was 27.9 per cent higher at £13.5m.

Mr. Noel Stockdale, the chairman, says that all divisions are performing satisfactorily in the face of increased competition, particularly Asda Superstores where significant gains have been made in non-food sales as well as in fresh foods and basic groceries.

Asda now holds a 6.5 per cent share of the national grocery market through its 67 stores. The directors anticipate that the share will continue to grow as further superstores are opened at the rate of five or six a year.

In the six months four Asda Superstores were opened, adding more than 150,000 sq ft to net selling area.

The group is stepping up its expansion into the South. Another superstore will be opened near Chelmsford before the end of the current year and others are scheduled to open in Reading, Swanley and Waterlooville in 1979.

Christmas shopping in the six trading days to December 23, is expected to help boost Asda's weekly turnover above the £20m mark for the first time, Mr. Stockdale says.

See Lex

Porvair up to £465,000

Profit of Porvair, maker of microporous synthetic materials, rose to £465,000 in the 10 months to October 31 1978 on turnover of £4.79m. For the previous 12 months the company, a subsidiary of Inmont UK, turned in *a profit of £218,000 on turnover of £6.12m.*

Credit was taken for group tax relief of £4,713 in 1977, and borrowings have been reduced by almost £800,000 during the period. There is again no tax charge. Earnings per share are shown as 2.6p (1.2p).

During the last year the end of the company's accounting period was changed from December 31 to October 31.

Record Ridgway worse than expected—omits final

PROFITS BEFORE tax of Record Ridgway slumped from £2.41m to £651,000 in the year ended *October 1, 1978, and the directors* are omitting payment of a final dividend.

Profits had dropped from £1.07m to £860,000 at midway and directors were saying that second half profis were likely to reflect the difficult trading conditions. However they expected pre-tax profits to be generally in line with the interim results.

The Board had intended to recommend a total dividend of 4.95p *for the year against* 4.5p *in the previous year. In the* event they have left the payment at a single 2p interim.

Earnings per share are shown at 8.21p (20.62p).

	Year 1977	1976
	£000	£000
Turnover	19,387	17,794
Trading surplus	1,014	2,473
Exceptional debit	156	—
Depreciation	42	—
Interest charges	165	63
Profit before tax	651	2,410
Tax credit	262	†451
Net profit	913	1,959
Exchange losses	129	80
Extraord. profit	—	24
Minorities	12	6
Attributable	772	1,897
Dividends	223	469
Retained	549	1,428

† Debit.

The capital investment programme announced last year is continuing with the exception of some expenditure which is not *considered essential in the light* of current trading conditions.

The new grey iron foundry costing almost £3m should be operational by early 1980 and this will considerably improve competitiveness over the next few years. The £1m development programme at Platts Forgings is now almost complete.

The year to September 1979 will be difficult but the Board is confident that the UK demand *will at least be maintained and* strenuous efforts are being made to increase the share of both the UK and overseas markets.

The action taken to reduce manning levels and expenses will have a beneficial effect on unit costs but profits during the year will be critically dependent on order intake.

● comment

Record Ridgway's share price slumped 24½p to a low for the year of 47½p on news of its second-half loss. It recovered a little in later trading to close at 52p. The drastic market reappraisal follows a major change in the company's prospects. At the beginning of this year it confidently anticipated a substantial increase in production and sales. In March this was altered slightly when it disclosed that full-year profits would be of the order of £2m. At the half-way mark the figure was again revalued downwards to £1.7m. Throughout this period production was being geared up. In the first six months it was running 12½ per cent above the previous year. It was linked to a sales plan which envisaged an increase in export order intake. But the projection proved ambitious, and in the second half production was cut back to levels existing last year. Stocks are down but sales margins have been squeezed by the fall in the U.S. dollar and by the flat demand in the UK. Workers have been laid off and redundancy payments have affected the figures. Platts Forging slumped into losses and is not expected to break even again until April. *The shares are on a p/e of 6.3 and a yield of 5.7 per cent. So* the market is not expecting any quick recovery.

Upsurge for Cooper Industries

ON TURNOVER down from £11.32m to £10.18m Cooper Industries raised group pre-tax profits from £472,000 to £906,000 in the half year to October 31, 1978. For the whole year to April 30, 1978, group pre-tax profits stood at £1.19m on turnover of £24.72m.

The directors say that although the order position remains weak they hope they can maintain the level of activity.

The interim dividend is raised from 0.392p to 0.5p and it is anticipated the final will be 4.8p net. Last year the company paid a total of 0.792p.

After his statement in the interim report, Mr. Robert H. Foster, chairman of F. H. Lloyd Holdings, announces that Cooper Industries will jointly participate in the proposed venture to develop a new mini-mill at James Bridge.

	Six months 1978	1977
	£000	£000
Turnover	10,183	11,323
Profit before tax	906	472
Associated companies	373	213
Tax*	632	372
Net profit	647	314
Extraordinary credits	209	—
Dividends	155	123

* Tax for six months ended October 31, 1978, and 1977 subject to any stock relief claims made on annual accounts basis.

TERN-CONSULATE

Tern-Consulate's rights issue has been taken up as to 90.3 per cent. The balance has been sold in the market. Net proceeds of the sale, amounting to 4.28p per share, will be distributed to entitled shareholders.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Cooper Inds.	int.	0.5	Apr. 2	0.39	—	0.79
County and District	int.	0.49	—	0.44	—	0.88
Diamond Stylus	int.	0.28	Feb. 16	0.25*	—	0.67*
Granada		1.48	—	0.88	2.67	1.95
Hazlewoods	int.	1.65	Jan. 16	0.9	—	3.9
Elect. & Gen. Inv.	int.	0.65‡	Feb. 12	0.65	—	1.55
Northern Foods		2.25	Feb. 28	1.5*	3.75†	2.21*
Plaxtons		3	Feb. 19	2.4*	—	3.9*
Plysu	int.	0.68	Feb. 8	0.54	—	1.38
Reliable Properties		1.51	Jan. 31	Nil	1.51	Nil
Record Ridgway		Nil	—	3	2	4.5
Laurence Scott	int.	2	Apr. 2	2	—	5
Stanhope General	int.	1.18	Jan. 25	1.06	—	3.06
Tex Abrasives	int.	0.75	Feb. 7	0.75	—	3.02

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Special interim of 0.15p declared as extra payment out of exceptional revenue received.

Laurence Scott loss in first half

A FAILURE to meet the planned rate of output at the Norwich works of Laurence Scott, electrical equipment maker, and some unprofitable contracts, resulted in a turnround from a £1,024,000 profit to a pre-tax loss of £465,000 for the six months to September *30, 1978,* including £196,000 redundancy payments.

At last September's annual meeting, Mr. P. M. Tapscott, the chairman, said that while a growth in turnover was expected, the first-half result would be substantially down. In the event, turnover rose 16 per cent to £17.05m.

He now says the task is to earn a useful profit for the full year, although at this stage it looks like being considerably lower than last year's, particularly when the cost of the recently announced redundancies at Norwich are taken into account.

For the 1977-78 full year, taxable profits amounted to £2.4m.

Since September the situation at Manchester has improved encouragingly, Mr. Tapscott states, especially as a result of contracts for the coal industry in China.

At Norwich, the rate of output of control gear is only now responding to actions implemented but the demand for larger motors shows little sign of reviving. Good profits are, however, coming from the remainder of the group.

At the trading level, the company achieved a surplus of £87,000 compared with £1.32m, before depreciation, plant leasing charges and interest.

Stated loss per 25p share was 2.37p (5.76p earnings) and the interim dividend is maintained at 2p net—the 1977-78 final was 3p.

After a tax credit of £242,000 (£532,000 charge) there was a half-yearly net deficit of £223,000 against a £492,000 profit. Dividends absorb £188,000 (£187,000). Full year results will take account of capital allowances and other factors.

	Six months 1978	1977
	£000	£000
Turnover	17,048	14,710
Trading surplus	87	1,317
Depreciation*	442	291
Interest payable	110	2
Loss before tax	465	†1,024
Tax credit	242	‡532
Net loss	223	†492
Dividends	188	187

* And plant leasing charges. † Profit. ‡ Charge.

● comment

The £465,000 first half loss plus a further 200 redundancies to come this year at the large Norwich plant means that Laurence Scott has to earn around £850,000 in the second half just to break even for the year as a whole. With the Norwich rate of output now improving and five loss-making contracts for control gear behind it there is a chance that it might just be able to achieve that goal. It has 14 extra working days in the second half and the Manchester works are benefiting from the coal industry contracts in China. But the big problem is still the large electrical motors where order books are thin, and delivery times are down to around 18 weeks. The remainder of the group is operating profitably. Assuming that the dividend remains unchanged the shares, which closed yesterday at 87p, have a prospective yield of 8.8 per cent.

RESULTS AND ACCOUNTS IN BRIEF

AERONAUTICAL AND GENERAL INSTRUMENTS — Sales £1,523,797 (£1,199,205) for six months to September 30, 1978. Pre-tax profit £132,829 (£142,347) after depreciation £43,077 (£40,060), but includes interest receivable £13,601 (£14,310). Tax £6,415 (£71,174). Chairman says that it is expected that profits for the year will be similar to those achieved last year.

BARCLAYS BANK INTERNATIONAL—Results for year to September 30, 1978, already reported. Advances and other accounts, £8.86bn (£7.99bn). Cash and short-term funds, £2.18bn (£2.7bn). Deposits and current accounts, £10.77bn (£10.36bn).

BELL AND SIME (timber importer and sawmiller)—Sales for half-year to October 31, 1978, £2,131,000 (£1,823,000). Profit £83,590 (£81,512), before tax *£42,000 (£42,400). Interim dividend* 0.875p (same). Sales in opening weeks of second half reasonably well maintained, and if this level of demand continues, results for full year should show an improvement on 1977-78.

BRITISH AND AMERICAN FILM HOLDINGS—For first half 1978 pre-tax profit £75,269 (£31,022); tax £27,674 (£14,607); net profit £47,595 (£16,415); surplus on sale of investments, less tax, transferred to capital reserve £54,824 (£52,380). Earnings per 5p share 1.699p (0.586p). Wholly-owned subsidiaries' results not included: turnover £67,482 (£179,530); pre-tax profit £3,733 (£145,222); tax nil (£40,000); earnings per share 0.133p (3.758p).

JOHN CARR (DONCASTER)—Results for year to September 30, 1978, already known. Fixed assets, £6.19m (£5.12m). Net current assets, £5.72m (£5.43m). Meeting, Doncaster, January 16 at 11 am.

DANAE INVESTMENT TRUST—Net profit for six months to November 30, 1978 £141,438 (£120,910) after all charges including tax of £85,504 (£84,061). NAV 42.09p (38.61p). *Interim 1.50p (1.35p).*

M.Y. DART—Chairman told AGM that sales and profits for half year ended December likely to exceed previous year. With only few exceptions order books satisfactory. New products being devised and will be marketed next year, enabling growth and profitability to continue. Group now well established in North America and Canada, and had been looking at a number of possible aquisitions.

ELECTRICAL AND GENERAL INVESTMENT COMPANY — Gross income £512,334 (£398,817) for six months to November 30, 1978. Interest *charges and expenses £139,896 (£165,632).* Tax £145,342 (£84,043). Earnings per share 1.26p (0.82p). Net 0.65p (same). Also recommended special dividend of 0.15p as an extra payment out of exceptional revenue *received during period. Anticipated that final will be maintained.*

J. H. FENNER AND CO. (HOLDINGS) —Results for September 2, 1978 year reported November 28 in full preliminary statement. On CCA basis, historical pre-tax profit, £9.06m, reduced to £6.1m. Group fixed assets, £23.52m (£19.39m), net current assets, £20.42m (£17.04m). Funds decreased by £188,000 (£105,000 increase). Chairman has every confidence that over longer term, group's rate of expansion will be at least comparable with past performance. Meeting, Leeds, January 10.

HAZELWOODS (PROPRIETARY) — (processor of vegetables and maker of *sauces and condiments) — Interim* dividend 1.65p net (1.5p). Turnover for half year to September 30, 1978 £3,351,000 (£2,298,000). Pre-tax profit £204,000 (£205,000). Tax £3,000 (£86,000). *Debit extraordinary item nil (£29,000).* Earnings per share 7.19p *(3.61p) and fully diluted 4.71p (2.36p).*

WILLIAM MOWAT AND SONS (property dealers)—Turnover £78,159 (£79,450) for six months to November 30, 1978. Profit £11,684 (£7,200) before tax £3,650 (£1,800). Expenses relating to offer by Janth £3,170 (nil). Profit attributable £4,864 (£5,400). Earnings per share before exceptional item 0.8p (0.54p). Janth felt that in order to continue expansion of company a rights issue would be necessary. This remains under active consideration and expected that full details will be despatched early in the New Year.

RANSOME HOFFMAN POLLARD—Results for year to September 29, 1978, reported December 13. Fixed assets, £26.8m (£27.9m). Net current assets, £29.23m (£26.96m). Total funds generated, £1.07m (£7.24m absorbed). Current year started with more encouraging order book and some improvement in results should be seen. Meeting, Quaglino's, SW, January 18 at noon.

RELIABLE PROPERTIES — Dividend 1.5075p (nil) for year to June 30, 1978. *Profit £284,415 (£129,180) after tax.*

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Westinghouse shows growth

AS EXPECTED there was growth in the second six months for Westinghouse Brake and Signal Company leaving taxable profit for the year to September 30, 1978, ahead £637,000 to a record 8.23m. The company, which is currently subject to an agreed 40.5m takeover bid from Hawker Siddeley, at half-time reported a maintained surplus of 2.51m, against £2.57m, and the directors said that the first half had been adversely affected by problems associated with new plant involved in major re-shaping of foundry facilities.

In addition to improved trading profit and other income of 5.31m (£5.01m) the share from associated companies was up from £1.86m to £2.17m for the 12 months. After tax of £1.79m (£1.55m) earnings per 25p share emerged at 10.4p, compared with 5p last time. The total net dividend is raised to 2.3753p (2.12724p) with the second interim of 1.4463p.

Sales by the group which has interests in electrical and mechanical engineering, were up at 68.98m (£61.96m).

There were extraordinary debits this time of £387,000 comprising £267,000 costs of foundry reorganisation and a £120,000 provision for the loss of disposal of a subsidiary. Exchange losses amounting to £0.94m (£0.12m gain) were dealt with in reserves.

Deferred tax has been adjusted in line with SSAP 15.

	1977-78 £000	1976-77 £000
Sales	68,981	61,961
Trading and other inc.	6,308	5,014
Associates	2,173	1,862
Net interest	1,249	1,271
Pre-tax profit	8,232	6,605
UK tax	410	505
Overseas tax	659	786
Associates tax	718	247
Net profit	4,445	4,067
Minority interests	19	16
Extraord. debits	387	—
Attributable	4,039	4,041
First interim div.	395	354
Second interim	618	553
Retained	3,026	3,134

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—AGB Research, Danks Gowerton, Edbro, Equity Consort Investment Trust, Philip Harris, Nova (Jersey) Knitwear, Petbow, Radiant Metal Finishing, Scottish and Newcastle Breweries.

Finals—BOC International.

FUTURE DATES

Finals—

Bond Street Fabrics	Jan. 4
Dewhurst and Partner	Jan. 19
Midland Industries	Jan. 11
Nash (J. F.)	Jan. 5

Northern Foods lift to record £22.4m

FOLLOWING HIGHER midway pre-tax profits of £10.87m against £7.04m, Northern Foods finished the September 30, 1978 year ahead from £17.91m to a record £22.4m, on turnover up £70.32m to £302.64m.

The full year figures include seven months' trading of Pork Farms, less an adjustment for the servicing cost of the cash element of the purchase consideration.

Current trading is running satisfactorily ahead of last year's same period, but first half results are unlikely to be significantly more than last year's corresponding half which included certain material non-recurring items, say the directors.

Substantial capital expenditure is in hand to provide increased capacity in dairy, baking and meat products factories, and the benefits from these investments will continue to ensure significant organic growth, they add.

Stated earnings are higher at 13p (11.79p adjusted) basic, and 11.96p (10.85p adjusted) fully diluted. As forecast, a final dividend of 2.25p effectively raises the total from 2.214p to 3.75p net—the Treasury has indicated that consent will be forthcoming for this payment.

	Year 1977-78 £000	Year 1976-77 £000
Turnover	302,637	232,315
Trading profit	25,931	19,639
Depreciation	4,604	3,371
Investment income	2,184	1,451
Interest payable	1,977	1,449
From British Credit Tst	*800	†1,476
Share of assoc. profits	63	165
Profit before tax	22,397	17,911
Tax‡	6,489	4,967
Net profit	15,908	12,944
To minorities	3	14
Extraord. credits	574	§370
Pref. dividends	9	9
Attributable to ord.	16,470	12,551
Ord. dividends	4,583	2,427
Retained profit	11,887	10,124

* Dividend. † Profit. ‡ Under provisions of SSAP 15 no transfer to deferred tax account has been made for year. Using the same guidelines no transfer would have been made for previous year and comparative tax charge has been restated accordingly. § Debits.

Freddie Mansfield

Mr. Nicholas Horsley, chairman of Northern Foods, photographed on the high speed milk bottling line at the company's Hull Dairy.

The directors report that despite some reduction in volume sales of liquid milk, a modest profit increase was achieved at Northern Dairies.

At Dale Farm Foods, increased demand for manufactured dairy products resulted in satisfactory growth, while poor milk sales and the effect of bad weather on ice cream consumption produced a standstill in profits at its Irish company.

Increased sales and improved efficiency resulted in a significant uplift for Park Cakes, and buoyant sales and increased market share produced outstanding results at Fox's Biscuits.

North Country Breweries was affected by poor summer weather which resulted in reduced sales and static profits, while the contribution from Pork Farms was well in line with expectations.

See Lex

Tex Abrasives depressed in first six months

AN INCREASE of £0.19m in sales to £2.64m was not enough to cover the fall in margins at Tex Abrasives in the half year to September 30, 1978, caused by the fall in value of sterling against the Deutsche Mark and the general increase in wage rates and all other overheads. As a result pre-tax profit at midway was down from £228,712 to £170,126.

Industrial unrest and short time working throughout a great number of industries and hence subcontractors also contributed to the lack of growth necessary to maintain profits, the directors comment.

The second half has started well and if, as is hoped, this performance continues the profit for this period should be as good as last time. It is not expected, however, that the profits for the full year will be as high as last year, when a record £0.46m was shown at the pre-tax level.

With tax taking £79,814 (£108,733) half year surplus emerged at £90,312, compared with £121,979. The net interim dividend is held at 0.75p. Last year's final was 2.27234p.

Plysu 45% first half upsurge

WITH sales up 17 per cent in the 28 weeks to October 13, 1978, Plysu, manufacturer of plastic containers and domestic wares, reports a 45 per cent increase in pre-tax profits from £456,000 to £660,000.

The directors explain that to a large extent this reflects a much improved level of efficiency which stems from the investment policy of the last few years.

They add that the pattern of progress has continued well into the third quarter and there is every reason to look forward to a good full term result. Profits for the last full year amounted to £750,000.

The net interim dividend is raised from 0.5429p to 6.6786p; last year's final was 0.8407p.

Mr. C. S. J. Summerlin, chairman, commenting on first half figures says a steady increase in demand for 5-litre bottles and 25-litre containers helped to offset the depressing effects of another cold summer on the soft drinks industry. Sales of smaller bottles would have been much higher if the weather had been more favourable and would have brought a distinct improvement to the profit earned in this division.

The company will take delivery of machinery in the new year to increase further capacity for 5-litre bottles, and additional equipment for the manufacture of 25-litre containers will also be in production very shortly. This will help to maintain the high standard of service to customers that has been achieved over the past few months, he states.

The improvement in housewares sales has continued with the result that profits from this activity have been restored to an acceptable level.

Delson recovers

The directors of Delson and Company, nut and bolt manufacturer, announce taxable profits recovered from a depressed £33,084 to £102,255 for the year to July 31, 1978, and compares with their interim forecast, in excess of £75,000 for the year—profits had fallen from a record £389,989 to £130,349 inn 1975/76.

Turnover for the year was up 11.4 per cent from £5.92m to £6.6m and profits were subject to tax of £3,969 (£2,620 credit). There was an extraordinary debit, last time, of £35,289 which was the loss on disposal of freehold property.

The single dividend payment is increased to 1.6p net per 10p share compared with 1.5075p.

Alex. Lawrie Factors up 44% to £1m

Pre-tax profits of Alex. Lawrie Factors, a wholly-owned subsidiary of Lloyds and Scottish, rose 44 per cent from £697,543 to a peak £1,004,361 for the year to September 30, 1978.

During the year, a record £129.2m of debts were factored—a 31 per cent increase over the previous year's £98.4m.

Mr. Malcolm Smith, managing director, says the company is currently examining new areas of expansion to broaden its range of facilities offered to businesses.

After tax of £537,200 against £357,244, attributable profits increased from £340,299 to £467,161, of which £465,256 (£318,632) has been dealt with in the holding company's accounts.

Avana Group forges ahead

The Christmas trading period will exceed all forecasts at Avana Group, the cake, bakery and confectionery which is a large supplier to Marks and Spencer.

All areas of the business continue to report good levels of profitability and new and rewarding growth can be foreseen, the directors state. The high level of recent investment is proving to be a major factor in the current results and "there is no foreseeable reason why current progress should not be maintained."

The directors propose to pay a second interim dividend on April 10 which will mean that ordinary dividends are being made at approximately four monthly intervals. A second interim will be paid at the rate of 0.5p per share.

ISSUE NEWS

Yearlings up to $11\frac{5}{8}$%

The coupon rate on this week's batch of local authority yearling bonds has been stepped up from 11½ per cent to 11⅝ per cent. The bonds are issued at par and dated January 2 1980.

The issues are: London Borough of Hillingdon (£1m), London Borough of Hounslow (£1m), Strathclyde Regional Council (£1m), City of Newcastle upon Tyne (£½m), Royal Borough of Windsor and Maidenhead (£1m), Wansbeck District Council (£½m), City of Salford (£½m), Daventry District Council (£½m), City of Edinburgh District Council (£1½m), City of Leeds (£½m), City of Salford (£½m), Daventry District Council (£½m), Brentwood District Council (£½m), London Borough of Havering (£1m), Dudley Metropolitan Borough Council (£½m), North Bedfordshire Borough Council (£½m).

Ogwr District Council has raised £½m by the issue of 12¼ per cent bonds dated December 17 1980.

RIGHTS RESULTS

A total of 781 shareholders out of 2,136 in Manganese Bronze have elected to receive new shares in lieu of a cash dividend for the year ended July 1978.

Accordingly, 244,135 have been issued—accounting for 65.36 per cent of the dividend.

Charles Clifford recent rights issue of 440,000 shares has been fully taken up.

GEORGE GALE

Portsmouth based brewery, George Gale, is proposing to reorganise its capital—splitting its £10 shares to £1. There will also be a scrip issue of one ordinary and 8 new "A" shares for every ordinary.

BIDS and DEALS

Unicorp now has 29% of CCPC

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

Union Corporation, the South African mining finance house, has bought an additional 2.83m shares in Capital and County Property Company, taking its stake to just over 29 per cent.

Mr. Dennis Marler, the property group's managing director, said last night that he welcomed the increase in Unicorp's holding. Although the holding is now within sight of the 30 per cent needed to trigger a bid, Mr. Marler (whose chairman at CCPC is Mr. Keith Wallis, and the Unicorp senior British director) believes that the group has no intention of making a full-scale takeover bid.

He said that: "I know it has been their intention for some time to increase their holding up to the point just before they would have to extend a general offer." And he sees the additional purchases as, "very welcome recognition of their confidence that we (CCPC) have now overcome our past problems and are on a sound, expanding base."

News of Unicorp's share purchases comes just days after CCPC announced the latest in a series of major new development projects. The group has been selected by the Metropolitan District Council of Wakefield to carry out a 300,000 sq ft £10m central area shopping development on a five acre site in the city centre. Building work is expected to start in 1980 and the scheme, which includes stores for Boots, Marks and Spencer and British Home Stores, should be open for trading by 1983.

LEP EXPANDS

Agreement has been reached in principle for the Joseph Hadley Group, whose major operating company is Joseph Hadley (Insurance) a firm of Lloyd's insurance brokers with London and American insurance market connections, shortly to join the Lep Group.

The Board of Joseph Hadley sees the move as providing the company with the long term financial strength and stability necessary to guarantee the continuity and expansion of its services, while Lep sees it as a "prime opportunity" for expanding its insurance broking operations, particularly in America.

CJB MOVE

Constructors John Brown is to take full control of CXJB Underwater Engineers, from the end of this year. The underwater engineering concern was formerly jointly-owned by Constructors John Brown and Comex SA.

TURNER CURZON

The offer by S. and W. Berisford for the ordinary capital of Turner Curzon has been extended until January 8. Acceptances have been received in respect of 18,527,964 shares in Turner Curzon, representing 76.05 per cent of the ordinary capital.

The merger is not being referred to the Monopolies Commission.

SHARE STAKES

A. Arenson (Holdings)—Mr. J. H. Sacks, a director, and his wife have sold some of their shares. Mr. Sacks' beneficial holding has now been reduced from 300,605 (6.48 per cent) ordinary shares to 240,605 (5.19 per cent).

Hambros Investment Trust—A subsidiary of Hambros, has purchased 50,000 ordinary shares. As a result, Hambros and its subsidiary are beneficially interested in 2,945,250 shares (11.04 per cent).

Foseco Minsep—Mr. E. Weiss, a director, has sold 50,000 ordinary shares. The Weiss Group, a company in which Mr. Weiss is interested, has sold 3,500, 6¼ per cent cumulative preference shares.

AARONSON BUYS

Aaronson Bros., the plastic laminates and wood veneer group, has bought Melinate products, which supplies laminates and foil surfacing chipboard to the shop fitting and building industries, for an initial consideration of £750,000 cash.

A further payment may be required depending upon Melinate's profits performance during the next three years. In the year to April 30, 1978, the group earned pre-tax profits of £350,000. At that date net assets were said to be £875,000—including £319,000 deferred tax.

LCP extends motor dealing side

LCP Holidays, the property, manufacturing and motor distribution group has acquired Portland Motor Group, the Ford main dealers in a £1.7m deal.

Portland which operates as a Ford main dealer in the Nottingham area has cars, trucks, tractor and agricultural machinery interests.

Last year this business generated £305,000 pre-tax profits and the group estimates current year profits in the region of £400,000. Net assets of Portland are estimated by the group to be around £1.5m.

LCP already has trading interests in the East Midlands through its fuel distribution, builders merchanting and home-centre operations.

PENTOS

Pentos, the publishing to garden products group which recently failed in its bid for Midland Educational, has now acquired Sissons and Parker and its associate company F. F. Allsopp, for a total of £957,277.

Sissons was established over 120 years ago, and is one of the leading booksellers and stationers in Nottingham. Allsopp is a bookbinder and print finisher and is a main supplier of stationery to Sisson.

JOHN JAMES

John James Industrial Holdings, a subsidiary of the John James Group, has acquired the capital of Totton Electrical Products and its subsidiary, Electrical Sales.

These private companies, based near Southampton, have been purchased for a total of £841,000 cash. Book values of the tangible assets acquired total approximately £350,000.

Totton is a manufacturer of specialised pumps and related electric motors from its factory in Cadnam. Consolidated profit before tax for the year ended June 30, 1977 was £188,005 and for 1977-78 £211,372.

INCHCAPE

Agreement in principle has been reached for Bain Dawes (Underwriting Agency), a subsidiary of Inchcape, to acquire 75 per cent of the equity of Gilliat Scotford and Hayworth, underwriting agents at Lloyd's, for a consideration of less than 1 per cent of the net assets of the Inchcape Group.

Puerto Rico rejects Amax Kennecott copper plan

BY KENNETH MARSTON, MINING EDITOR

THE Puerto Rican Government has rejected a proposal by Amax and Kennecott Copper to develop the big but low-grade Adjuntas copper ore deposits in the mountains of Utado Lares.

Mr. Carlos Romero Barcelo, Governor of the island, said that if the two companies do not come up with acceptable proposals during the next six months other mining concerns will be invited to bid for the exploitation rights.

Amax and Kennecott submitted their proposal to build a mine mill and smelter complex that would produce 50,000 tons of copper annually over a 30-year period in September 1977. They have been prospecting the area for over 12 years.

The project would cost $380m (£190m) initially and the total investment would rise to about $560m as all three of the deposits, contiguous ore bodies are developed. Reserves are estimated to be 243m tons with an average copper grade of about 0.73 per cent copper.

The Government and the companies are believed to be in disagreement over the royalties and taxes the Government should receive. Initially it had been determined that the project would pay a royalty of between 2 per cent and 3 per cent and that it would be exempt from taxes for the first 15 years. The Government argued that this was too small.

Dundonian's Cornwall venture

THE UK-based Dundonian group reports that following the successful completion of its West Country exploration programme for tin and tungsten the company's consultants are of the opinion that "it is not unreasonable to foresee the possibility of a medium-to large-scale mining venture which may be equal to, or of greater scale than, any presently in operation in Cornwall.

Interest centres on a six square square mile area near Callington which has supported mining operations in the past, notably at the Redmoor and Kellybray properties. The ore contains tin and tungsten, roughly in the ratio of two parts tin to one part tungsten.

This was a disadvantage in the old mining days because it was difficult to separate the two metals and the tungsten, for whch there was little market, was regarded as a contaminant Nowadays, the tungsten is a valuable by-product and Dundonian anticipates no major metallurgical problems.

Exploration has indicated a western extension of the known lodes and Dundonian intends to start pilot-scale operations next year. The sze of the deposit is not yet known but the indicated average grade is a good 1.4 per cent combined tin and tungsten. It is hoped to reach full scale production in two to three years' time, possibly at a milling rate of between 600 and 800 tons per day.

The cost of such an operation would be in the region of £5m and Dundonian is having talks with possible partners. Meanwhile the company's wholly-owned subsidiary, South West Consolidated Minerals has raised £240,000 by the issue of 120,000 new shares—equal to 8 per cent of the existing capital—to Burma Mines.

During the year to March 31, 1981, Dundonian has the right to re-acquire the Burma holding in SWCM for 360,000 shares of Dundonian. Based on the investment of £240,000, it is pointed out that the right to convert is at an effective price of 66⅔p per Dundonian share. The latter were 52p yesterday.

● Billiton UK, a unit of the Royal Dutch Shell group's metals arm, is having talks with Cornwall Tin and Mining about the purchase of equipment from the failed Mount Wellington tin mine, near Truro in Cornwall. Billington plans to use the equipment together with its nearby Hydraulic Tin operation to produce tin concentrates from tailings. Billiton is not interested in buying the mine where pumping will continue while Mr. Robert Sprinkel seeks a package to rescue the adjacent Wheal Jane tin mine.

AZCON'S SALE

The Consolidated Gold Fields group's U.S. Azcon Corporation has signed an agreement for the sale of its Rich Steel division in Los Angeles to MODAP, Inc. of Los Angeles, California. The sale becomes effective on January 1, 1979.

MODAP intends to change its name to Rich Steel Company and to continue the Rich operation unchanged. Rich Steel is a service centre dealing primarily with flat-rolled steel. Azcon is a distributor and processor of steel as well as a manufacturer of speciality industrial products.

County and District ahead in first half

Profits before tax of County and District Properties rose from £248,000 to £292,000 in the six months ended September 30, 1978 and further improvement is expected in the second half. Earnings per share are 2.68p against 2.26p.

The interim dividend is lifted from 0.4356p to 0.48642p — the financial position is very strong and it is intended to recommend a substantial rise in the total for the year as legislation permits, the directors say. Last year's total was 0.8778p.

Further progress has been made on proposed developments

IAS Cargo £1m finance

IAS Cargo Airlines is raising £1m through the issue of 1m 6 per cent cumulative convertible £1 preference shares at par.

Mr. Dennis Barkway's company Energy Finance and General Trust is arranging the offer for

The chairman and his wife will be making available for placing 357,143 ordinary shares at 70p

The prospectus contains a forecast of a minimum profit of £1m after tax for the year ending March 31, 1979. And the directors expect to recommend a dividend of 2.8p net for the current year.

The preference shares are convertible into ordinary during 1979 to 1985 at an effective price of 70p per ordinary share.

NORTH AMERICAN NEWS

Chrysler to raise $230m

BY STEWART FLEMING

NEW YORK — Chrysler Corporation has taken another step in its moves to improve its underlying financial position through the private placement of $231.5m of notes with two leading insurance companies, Prudential Insurance and Aetna Life and Casualty.

Under the terms of the loan agreements Chrysler will be restricted as to the dividends it can pay starting in 1982 by a formula which ties dividend payments to earnings and any future stock sales.

However the loan agreements provide the company with a four year grace period before the company must start repaying any of the principle of the loans.

The new agreements with the two insurance firms will not immediately bring in the total $231.5m since part of this sum, $137.5m, is the re-financing of existing loans at an increased rate of interest.

The net additional funds the company receives will be $93m. In addition however, it is freed from principle repayments totalling $75m over the next four years.

The company is borrowing a total of $175m from the Prudential at a 9.3 per cent rate of interest and $56.5m from Aetna at 8¾ per cent. The old notes which are being replaced carried interest at either 3.5 per cent or 5.8 per cent.

Chrysler has to finance around $1.25bn of its estimated $7.5bn capital investment programme for the next five years from earnings and loans. Analysts suggest it has been undertaking a continuing programme of raising new funds. The sale of its European interest to Peugeot-Citroen for an estimated $323.9m in Peugeot stock and $250m in cash which it has already received. It has yet to receive the stock pending Peugeot shareholders approval.

Chrysler also disclosed last month that it was seeking federal loan guarantees of $250m in connection with the construction of a new manufacturing plant in Indiana.

Over the first nine months of 1978 the company suffered a loss of $247.8m compared with a net profit of $212.9m in the same period of last year.

Wheelock cautious over 46% profit rise

By Anthony Rowley

HONG KONG — Wheelock Marden and Co, the diversified shipping and trading group, achieved a 46 per cent rise in pre-tax profits to HK$125m (U.S.$26.2m) in the half year to September 30.

Mr. John Marden, chairman, said "These excellent results reflect the general improvement achieved by group companies" but that they should not necessarily be taken as indicative of the final profit figure for the year.

The interim profit figures included, he added, an unrealised exchange gain figure of HK$8.9m (U.S.$1.9m) arising from the translation of Yen currency balances into Hong Kong dollars at rates prevailing on September 30. This gain would be transferred to the exchange reserve account at the end of the year, in accordance with Wheelock's accounting policy.

Extraordinary profits in Wheelock's first-half results amounted to only HK$1.7m. However, compared with an extraordinary gain of HK$10.9m in the corresponding period of last year.

The interim dividend is being maintained at 5 cents per "A" share and 0.5 cents per "B" share. A total distribution for the year of not less than 17 cents on the "A" stock and 1.7 cents on the "B" stock is forecast.

Steel group sees upturn

BY ADRIAN DICKS

BONN—Kloeckner-Werke, the West German steel maker, believes that the downhill path of recent years has been ended, with signs of a slight turn for the better and prospects of a return to profitable working, according to the chairman, Herr Herbert Gienow.

Commenting on preliminary results for the 1977-78 business year to September 30, Herr Gienow said it would show a lower loss than that of the previous year. Kloeckner managed to increase crude steel output by 11.2 per cent during the year to 4.2m tonnes, and saw sales of steel products edge up by 1.2 per cent to DM 2.67bn.

As a result of Kloeckner's increasing diversification into other areas, however, total sales for the group rose by 3.2 per cent to DM 4.25bn ($2.28bn).

Herr Gienow, in comments reproduced in a works magazine, said that Kloeckner had been paying a heavy price for the modernisation programme of recent years. But since 1970, it had been able to modernise its crude steel and rolled products capacity to a degree unequalled by virtually any other European competitor. As a result, the company was very well placed to benefit from an improvement in the steel market.

Specifically, Herr Gienow said that application of Kloeckner's own K S E steel-making process at the Georgsmarienhuette works was expected to result in energy savings of as much as 40 per cent over the existing SiemensMartin process or over the processes used in ministeel complexes.

The Kloeckner chairman also strongly defended the company's acquisition if the Maxhuette steel works from the Flick group—a transaction due to be completed on January 1 at a price of about DM 267m. Herr Gienow said Maxhuette had been operating in the black since last August, thanks in part to its access to its own iron ore at lower cost than that imported to steel plants on the German coast.

Herr Gienow said that Kloeckner's modernisation plans had seen the transformation of some 4m tonnes of capacity at a loss of some 10,000 jobs. The preliminary 1977-78 figures show a decline of about 1,000 jobs in the steel-making area last year alone.

Reliance to buy UV unit

CLEVELAND — Reliance Electric said it agreed to buy all the outstanding stock of Federal Pacific Electric, a unit of UV Industries, for $345m in cash.

The sale is subject to the approval of UV's stockholders and certain other customary conditions.

Reliance Electric said the agreement provides that if Federal Pacific's 1978 earnings before taxes, minority interests and the effect of foreign currency translation are less than $39m, the purchase price will be equal to 6.9 times Federal Pacific's 1978 pre-tax earnings.

But in no event will the purchase price be less than $325m, the company said.

Reuter

Firestone loss in fourth quarter

BY DAVID LASCELLES

NEW YORK — Firestone Tire and Rubber, battered by the "500" radial recall and weak overseas tyre markets, reports a fourth quarter loss of $127.2m, bringing its total losses for the fiscal year ended October 31 to $148.3m, by far its worst performance ever, and possibly its last as an independent entity. But the company claims that despite all the bad publicity, its market share is rising, and it is not pessimistic about the future.

The year-end loss, equivalent to $2.58 a share, resulted primarily from pre-tax write-offs of $344m to phase out tyre production at some U.S. and foreign plants, and the recall of up to 13m controversial "500" radials ordered by the traffic safety authorities.

But the company statement sought to play down the effect of the recall. "The steel belted radial 500 controversy caused a slight drop in the sales of Firestone brand passenger car tyres in the replacement market domestically. But our overall share of the market for passenger tyres and for all types of tyres in the U.S. was ahead of last year."

The company added that the 500's successor, the 721 steel belted radial, had found "outstanding acceptance" in the original equipment and replacement markets, and this was providing a "firm foundation for increased future demand for our passenger car tyres."

Sales for the year were $4.88bn, the company said, up some 10 per cent on last year. Before the write-offs and after tax, Firestone's income for the year was $72.1m, equivalent to $1.25 a share, compared with $110.2m ($1.92) last year.

Firestone bases its future hopes largely on two major capital projects. One is a $50m PVC resin plant due for completion at Baton Rouge next year, which the company hopes will place it among the top three companies in the PVC market. The other is a $145m expansion of double heavy duty radial truck tyre production at its Nashville plant by 1982.

Heineken expects to hold rate of earnings growth

BY CHARLES BATCHELOR

AMSTERDAM—Heinekin, the international beer and drinks group, expects no major change in profit trends in the current year after a satisfactory performance in 1977-78. The Board declined to be more specific about prospects. Trading profit rose 3 per cent to Fl. 256.2m ($128m) in the year ended September, while profit at the net level was 8 per cent higher at Fl 118.7m.

The group's performance in Holland in the first quarter of the current reporting period was "not bad" while elsewhere previous trends were "maintained." Heineken proposes a change in its financial year extending the current reporting period to 15 months.

As announced earlier this month Heineken plans to pay an unchanged cash dividend of Fl 3.50 per share on capital which has been increased by 25 per cent. Turnover rose 8 per cent to Fl 2.67bn ($1.33bn).

Cash sales rose most strongly in Europe outside Holland and in the Americas.

Investment rose Fl 64m to Fl 275m last year and is expected to remain around this level in the current period. In Holland Heineken raised its share of the beer market to 57.9 per cent from 57.6 per cent, with the share of the Dutch soft drinks market rising to 19-20 per cent. It also increased its share of the surprisingly buoyant spirits market to nearly 19 per cent.

Plan to split up Tandberg approved

By Fay Gjester

OSLO—An interim company will be set up soon to acquire and keep in operation the profitable sectors of Tandberg, the Norwegian state-owned electronics concern which was recently declared bankrupt.

Plans approved this week by the Ministry of Industry envisaging the new company as a partnership between the State Industrial Aid Fund (40 per cent), Kongsberg Vapenfabrikk, a state-owned munitions and electronics firm (20 per cent), and two privately owned Norwegian electronics companies, Simrad and Norsk Data (20 per cent each).

The interim company is expected to have an initial share capital of NKr. 50,000 ($10,000) (the legal minimum). It will negotiate with Tandberg's receivers about the purchase of production facilities and rights for those product lines which it believes to be economically viable—primarily Tandberg's data processing equipment and language laboratories, although some other lines may also be "rescued."

Operating capital, initially, will be supplied by the Industrial Aid Fund. The Government will ask Parliament to approve an allocation of NKr 50m ($9.8m) for this purpose.

MEDIUM-TERM CREDITS

Columbia loan terms fixed

By Rosemary Burr

MORE DETAILS emerged yesterday on the terms of the $600m loan for Columbia being arranged by Chemical Bank International. The loan package is in two parts: a $400m tranche to the Republic and a $200m tranche to Ecopetrol, the state oil company under guarantee of the Republic.

The two loans carry the same terms. The maturity is 10 years with a margin of ¾ per cent over interbank rates for the first four years and ⅞ per cent for the rest. The grace period before repayments need begin is five years.

Both loans involve a small element of refinancing of existing debt. The bulk of the $400m to the Republic will be used for public works projects, while the balance of Ecopetrol's credit will finance its investment programme.

TRW maintains profit growth

CLEVELAND — TRW the aerospace products, tools and vehicle parts group, is finishing 1978 with sales and earnings close to budget and with gains comparable to those for the first nine months, according to Mr. Ruben F. Mettler, chairman and chief executive.

While the company expects a slowing of U.S. economic growth next year, Mr. Mettler expects TRW's product diversity and geographical spread to prevent a modest U.S. economic slowdown from interrupting its sales and earnings growth pattern.

Sales in the fourth quarter are maintaining the near 15 per cent increase reported for the first nine months. This would indicate sales for the current quarter of more than $990m and sales for the year of around $3.75bn. Last year, fourth quarter sales were $884.1m for all of 1977 they were $3.26bn.

For the 1977 fourth period, the company earned about $41m or $1.12 a share, fully diluted from normal operations. But combined effects of currency translation gains, profit on sale of a busines and year-end adjustments boosted net income to $43.6m, or $1.19 a share.

AP-DJ

ICI Australia to raise $57.4m by debenture

By James Forth

SYDNEY — ICI Australia, the local offshoot of the UK chemicals, plastics and textile group, plans to raise A$50m ($57.4m) through a "family" debenture issue to share, debenture and noteholders. It is the largest debenture offering by the company and the first "family" approach since February, 1975.

News of the issue came only one week after the directors announced a 43 per cent rise in group profit for the year to September 30 to A$45.5m.

ICI is offering 10 per cent for six years and 10.5 per cent for ten, 15 and 20 year maturities. The rates are in line with recent offerings by other major industrial companies and confirm that domestic interest rates have bottomed out.

Australia's largest company and prime borrower recently attempted the biggest local debenture issue by an industrial company of A$100m with a long term rate of 9.9 per cent.

Debenture issues by BHP Holdings normally fill quickly but this offering has been open several weeks, and only recently managed to reach the underwritten figure of A$80m, indicating that other industrial companies would be unable to break below 10 per cent at the present time.

ICI, a regular debenture borrower, is among the prime borrowers and has a reputation for pitching its issues at fine rates. The terms of its issue suggest the industrial long-term rate is between 10 and 10.5 per cent, depending on the status of the borrower.

The latest issue has been underwritten by stockbroker Potter Partners and the Australian United Corporation for as to A$40m, with the right to over-subscriptions up to A$10m.

Applications close February 21 next year, and the stock can be paid either in full on application or 50 per cent on application and the balance on August 31.

Olivetti on Paris Bourse

BY RUPERT CORNWELL

ROME — Olivetti ordinary shares have been admitted for official quotation on the Paris bourse beginning December 28. The decision was taken by the *Chambre Syndicale des Agents de Change* after a request on behalf of the group by Credit Lyonnais, the leading French bank.

Although Olivetti preferred shares have been traded in Paris since 1961, the quotation for the ordinary shares of the typewriter and calculator group is only the second, after Geneva, outside Italy.

The step has been hailed by Olivetti as an important achievement given the relatively rigorous conditions, by Italian standards, which a candidate company must comply with in Paris.

Ashland quits oil shale project

BY OUR OWN CORRESPONDENT

NEW YORK—The development of oil shale as an energy alternative has received something of a setback with Ashland Oil's announcement that it was pulling out of a joint project with Occidental.

The Kentucky-based oil company blamed the withdrawal on recent studies which indicated increased capital and operating expenses "that could reduce profitability, and to unacceptable levels in view of technical, political and regulatory uncertainties."

The company added that its decision was in keeping with its corporate strategy of emphasising operations that will generate cash flow commensurate with capital commitments required. Ashland recently embarked on a programme to divest itself of its oil and energy resources and concentrate on refining and marketing.

The joint project, in which Ashland had a 25 per cent stake, is one of several tracts in Colorado and neighbouring states which the government set aside for oil shale experimentation. Several oil companies, including Arco, Shell and Tosco, have already dropped out of the experiment, citing similar reasons to Ashland's.

EUROBONDS

FRN sector improves in weak markets

BY FRANCIS GHILES

THE dollar sector of the international bond markets was softer for the second day running yesterday (Tuesday) as the dollar continued to weaken against major currencies. A number of houses were not quoting prices, and the secondary market was in some confusion. Only the floating rate note sector saw prices rise.

The $50m for ECSC was priced at 99 by the lead manager S. G. Warburg. The notes which have an average life of 10.85 years will yield 9.44 per cent to maturity. Immediate reaction in the market was that such a pricing was "realistic." The developments of the last few days had made pricing at a discount unavoidable.

The $100m floating rate note for Bank fuer Gemeinwirtschaft was priced at par by the lead manager, European Banking Company.

The Deutsche Mark sector prices were unchanged, but the undertone was much firmer than on Monday. Turnover was described by dealers as well up on the levels of the day before. The DM 50m issue for the Union Bank of Finland was priced at 99 with indicated terms otherwise unchanged by the lead manager Westdeutsche Landesbank. The notes will yield 6.64 per cent.

The DM 50m convertible for Omron Tateisi Electronics was also priced at par by the lead manager BHF Bank. The conversion price is Y906 for DM 1 and the conversion rate has been fixed at Y104.04 for DM 1.

The capital markets subcommittee meets today to decide on the size of the calendar of new issues for next month. Some German bankers are hoping it will be smaller than the last which amounted to about DM 1.6bn. The same bankers would welcome a volume of new issues closer to DM 1bn—with only prime borrowers included.

In the Swiss Franc sector, a SwFr 40m 15-year bond, carrying a coupon of 4 per cent has been arranged for Norges Hypotekforening Naeringsliver by Nordfinanz-Bank in Zurich. The notes, which have been priced at par and a half yield 3.95 per cent.

A Y20m bond for the Republic of Finland has been arranged through Yamaichi. There are two tranches, both of Y10bn. The first tranche is a five-year bullet and carries a coupon of 5.6 per cent. It has been priced at 99. The second has a ten-year maturity, an average life of nine years. It carries a coupon of 6.8 per cent and has been priced at 99.7.

The Industrial Bank of Japan is arranging a $50m five-year private placement of bonds in the U.S. through Morgan Stanley. The borrowers is paying a coupon of ⅝ per cent over the middle offered and bid, six-month London interbank rate. There is no minimum interest rate.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on December 19

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 88	25	94½	95¼	+0½	−0⅞	10.07
Australia 8.45 83	175	95⅝	96¼	−0¼	−1¼	9.28
Australia 9½ 93	75	97½	98⅛	−0½	−1½	9.58
Beatrice Foods 7⅞ 83	100	93⅞	94⅜	−0¼	−1	9.50
CECA 8⅞ 87	50	94	94½	−0¼	−0⅞	9.76
CECA 9 93	25	95½	96¼	−0¼	−0⅞	9.43
CECA 9¼ 99	25	98½	99	−0¼	−0¼	9.38
CNT 9 93	75	95	95½	−0¼	−1	9.61
Canada 8 83	250	94½	94⅞	−0¼	−1	9.42
Canada 8.20 85	250	93⅛	93⅞	−0¼	−1½	9.72
Canada 8⅞ 98	250	92½	92⅞	−0⅜	−2	9.70
Canada 9 83	400	97½	98	−0⅜	−1¼	9.52
Canada 9¼ 98	350	97⅛	98½	−0⅞	−2	9.71
Canadair 8¼ 83	70	95¼	95⅞	−0⅜	−0⅞	9.79
Dominion Bridge Co. 9 88	25	93¼	94	−0⅜	−0¼	10.21
EIB 9½ 98	125	96⅞	97½	−0¼	−0¼	9.70
Eksportfinans 9 88	50	96¼	96⅞	−0¼	−0⅜	9.67
Finland 8⅞ 83	100	96	96½	−0⅜	−1	10.04
Finland 9 88	100	95¼	95⅞	−0⅜	−1¼	9.98
Hospital O/S 9 83	25	96⅝	97⅛	−0⅜	−0⅞	9.80
Itel Finance 9¾ 90	25	91⅛	92⅛	−0½	−1⅜	11.25
J. C. Penney 8¾ 83	100	95⅞	96¼	−0¼	−0⅞	9.59
Mac Bloedel 9¾ 93	50	95⅞	96⅜	−0⅜	−1⅞	9.75
NZ Dev. Fin. 8½ 83	20	93⅞	93¾	−0⅜	−0⅞	9.94
NZ Dev. Fin. 8⅞ 85	20	93⅜	93⅞	−0⅜	−0¼	9.73
Nat. West. 9 86	75	97	97½	−0¼	−0⅞	9.51
Newfoundland 9½ 90	50	96¼	97½	−0⅜	−1½	9.68
Nord Inv. Bk. 8⅞ 85	25	95½	96¼	−0⅜	−0⅞	9.42
Norges Komm. 9¼ 98	75	96¼	97¼	−0⅜	−1	9.69
Norsk Hydro 9½ 94	50	96½	97	−0¼	−0⅜	9.66
Norway 7¾ 83	250	92⅞	93⅜	−0¼	−0⅞	9.36
Norway 8¼ 83	150	96¼	97¼	−0⅜	−1	9.85
Occidental 8½ 85	75	92⅝	93¼	0	−1	10.39
Ont. Hydro 8¾ 85	125	93⅛	94¼	−0⅜	−1⅜	9.80
Quebec Hydro 9½ 93	50	97½	98¼	−0¼	−1	9.75
Sweden 9½ 89	125	97⅛	97⅝	−0⅜	−0⅞	9.75
UK 8¾ 85	200	95⅛	95⅞	−0⅜	−0⅞	9.65
UK 8⅞ 93	150	95¼	96⅜	−0⅜	−1	9.54

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	95⅝	95⅞	0	+0¼	7.13
Asian Develop. Bk. 5½ 88	100	†92½	93¼	+1½	−0¼	6.52
Australia 6 88	250	101½	102	+0½	+0¼	5.75
Austria 5⅞ 90	150	94¼	94⅞	−0⅜	−0⅜	6.42
BankAmerica 5⅞ 90	150	99¼	99⅞	0	+0¼	5.81
Bque. Ext. Algerie 7½ 85	100	96⅞	97½	0	+0¼	7.86
CECA 6 88	150	97	97½	−0¼	0	6.80
Canada 4¾ 83	800	98¼	98¾	−0⅜	0	5.28
Chase Manhattan O/S 6 93	100	101½	102	−0⅜	−0⅜	5.81
Commerzbank Int. WW 3¼	100	103½	104⅛	+0¼	−0⅜	3.02
Commerzbank Int. XW 3¼	100	82½	83½	−0¼	+0¼	5.88
Copenhagen City 6 90	75	95¼	95⅞	0	−0⅜	6.55
Council of Europe 6¼	100	99	99⅞	−0⅞	−0⅜	6.21
Council of Europe 6½	130	97½	98¼	0	0	6.53
EIB 6 90	300	96¼	96⅞	0	−0¼	6.43
Elf Aquitaine 5¾ 88	100	93⅞	94⅜	0	−0¼	6.12
Finland 6 83	150	98½	99	−0¼	+0⅜	6.27
Hitachi Ship. 5¾ 83	50	100⅛	100⅝	−0½	−0⅛	5.60
IBJ 5 84	100	99⅞	100⅜	+0⅜	+1	5.00
Indonesia 7 84	100	97½	97⅞	0	−0¼	7.54
Kobe, City of 5½ 88	100	100	100½	0	−0¼	5.44
Light Servicos de Elet.	150	96⅜	97½	+0½	0	7.28
Mexico 6 85	200	97¼	98¼	+0⅜	+0⅜	6.41
Mitsubishi Petro. 5¾ 85	100	99⅞	100⅜	+0¼	+0⅞	5.72
Nippon Steel 5⅞ 85	100	100¼	100¾	+0⅜	+0⅞	5.68
Norges Komm. 6 90	100	97½	97⅞	−0¼	−0⅜	6.38
Norway 4½ 83	250	96⅜	97¼	+0¼	0	5.17
Norwegian Ind. Bk. 6 90	125	97¼	98	−0¼	−0½	6.29
Occidental 6½ 90	150	97⅞	97⅞	−0½	−0¼	7.03
OKB 6¼ 88	100	100⅜	100⅞	+0⅜	+0¼	6.01
Petroleo Brazil 7 88	100	98⅝	99¼	0	−0⅞	7.14
PK Banken 5¾ 88	100	93¼	94⅜	+0¼	−0¼	6.64
Quebec, Province of 6 90	150	95⅞	96¼	+0⅜	0	6.52
Ricoh 5¾ 83	30	100⅛	100⅝	+0⅛	+0¼	5.12
Spain 6 88	200	94⅝	95⅛	+0⅜	−0¼	6.71
Statoil 6 88	150	98½	99	0	0	6.19
UDS Group 5¾ 93	65	97⅝	97⅞	−0¼	−0¼	6.36
Venezuela 6½ 90	150	94½	95	+0⅜	+0⅜	7.17
World Bank 6½ 88	400	†97½	98¼	0	0	6.53

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5½ 88	40	103½	104½	−0¼	+0⅛	4.73
American Exp. Int. 3½ 93	40	99⅞	100	+0⅜	+0¼	3.51
Arlberg Tunnel 4 93	40	99⅞	100⅜	+0¼	+1⅜	3.99
Austria 3¾ 93	100	95¼	96	−0⅜	+0¼	3.88
Brazil 4¾	100	97½	97⅞	+0¼	+0⅜	4.60
Chase Manhattan 4 93	70	103½	103⅞	+0⅜	+0⅞	3.68
BankAmerica 3¾ 93	80	101	101½	+0¼	+0⅝	3.65
BNDE 5 88	75	101½	101¼	0	+1	4.82
Denmark 4¾ 90	100	103	104	−1	−0⅜	4.12
Denmark-Mortgage Bk.	80	102⅜	103¼	+0¼	+0⅜	4.16
EIB 4¼ 93	105	101⅞	102⅜	+0⅜	+1¼	4.05
Euratom 4¼ 93	80	100⅜	101	+0¼	+1	4.17
F. L. Smidth 4½ 88	25	101½	102½	+0⅜	+0⅞	4.25
Finland 4¾ 93	80	103	103½	0	+0⅜	4.21
First Chicago 3½ 93	70	100	100½	0	−1½	3.49
GZB 4½ 93	100	102⅜	102⅞	0	+0⅞	4.27
Hilti-Liechenstein 4½	25	104	104½	+0¼	+0⅜	3.87
ICI Fin. NV 4½ 93	100	103½	103⅞	−0¼	−0⅜	3.91
Malaysia 4¾ 90	80	99½	100	+0¼	+0⅜	4.76
Manitoba 4 93	200	102½	102⅞	+0⅜	+0¼	3.84
Newag 4 93	70	100⅜	100⅞	+0⅜	+1½	3.95
Norges Komm. 4¼ 90	100	102⅜	102⅞	+0⅜	+0⅜	3.85
OKB 4 93	80	99⅞	100⅜	0	0	3.99
Oy Nokia 5 90	20	102½	103¼	+0⅜	+0⅜	4.65
Safe 4¾ 93	30	101½	102	−0¼	+0¼	4.37
Sandvik 4 90	85	102	102½	−0⅜	+0⅜	3.78
Seas 4¾ 88	15	103½	103⅞	+0⅜	+0⅜	4.05
Voest-Alpine 4¾ 88	100	102	102½	+0¼	+0⅞	4.29
Voralberg Kraft 4 93	30	101½	101¾	−0⅜	+0⅜	3.87
Vienna 4 93	100	101	101½	0	+0⅜	3.98
World Bank 4¼ 93	250	102	102½	+0⅜	+0¼	4.05

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5¾ 88	15	96¼	97	0	0	6.22
BFCE 6.4 90	30	95⅞	95⅞	0	0	7.18
Eurofima 6.3 90	10	96¼	97	−0¼	−0⅞	6.84
Norway 5.7 83	25	101½	101⅞	0	+0¼	5.44
SNCF 6.6 90	20	96⅞	97½	0	0	7.09
Sweden 6.3 90	40	95	95⅞	−0¼	−0¼	7.01

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ A$	12	95	96¼	0	+3⅝	12.74
Auto Cote Basq. 7 88 EUA	16	95	96	−0⅜	−1	7.52
Copenhagen 7 93 EUA	30	95	95⅞	+0⅛	−1¼	7.53
Finland Ind. Bk. 7 93 EUA	15	95⅞	96¼	0	−0¼	7.44
Komm. Inst. 7¼ 93 EUA	15	98	99	−0¼	−0¼	7.47
Panama 8½ 93 EUA	20	96	97	−1	+0¼	8.67
SDR France 7 93 EUA	22	96⅞	97½	−0⅜	−0⅜	7.32
Algemene Bk. 6½ 83 Fl	75	91¼	91⅞	+0⅛	−0⅞	8.63
Brazil 7½ 83 Fl	75	93¼	94⅜	−0¼	0	9.08
CFE Mexico 7½ 83 Fl	75	96¼	97⅛	+0¼	−3¼	8.47
EIB 7½ 85 Fl	75	93¼	93⅞	+0¼	−0¼	8.54
Neder. Middenb. 6¾ 83 Fl	75	93	93⅞	+0⅛	−0⅜	8.32
New Zealand 6¾ 84 Fl	75	91½	92¼	−0¼	−0⅜	8.67
Norway 6½ 83 Fl	100	92½	92⅞	+3⅛	−0⅜	8.45
OKB 6¼ 85 Fl	75	89⅞	90¼	−0¼	−1¼	8.58
Elf Aquitaine 9¾ 88 FFr	150	96¼	98¼	+0⅛	+0⅛	9.99
EIB 9½ 88 FFr	200	98½	98⅞	0	0	9.98
Unilever 10 85 FFr	100	100½	101	+0¼	+0⅜	9.86
BAT 8 85 LuxFr	250	95⅞	96⅜	+0⅜	+0¼	8.40
Bayer Lux. 8 86 LuxFr	250	95⅜	96⅜	+0¼	0	8.75
EIB 7¾ 88 LuxFr	250	95	96	−0¼	+0¼	8.46
Finland I. Fd. 8 88 LuxFr	250	95½	96¼	+0¼	−0¼	8.62
Norway 7¾ 83 LuxFr	250	96⅜	97⅛	−0¼	+0¼	8.44
Renault 7¾ 88 LuxFr	500	97½	98¼	−0¼	+0⅜	8.10
Solvay Fin. 8 85 LuxFr	500	100¼	101¼	+0¼	+0¼	7.85
Swedish I. Bk. 8 88 LuxFr	500	99	100	−0⅜	0	8.07
Gestetner Hld. BV 11 88 £	10	88½	89½	+0⅜	+1¼	13.02
Whitbread 10½ 90 £	15	85⅞	86¼	0	−0¼	12.97

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
American Express 88	0¼	98⅞	99⅜	20/4	10⅞	10.72
Arab Intl. Bank M8.5 85	0⅜	95⅞	96¼	31/1	9⅜	9.77
Banco El Salvador M8 83	1¼	96⅝	97¼	12/4	11.31	11.66
Banco Nac. Argent M8 83	0⅞	96⅝	97¼	21/1	9⅛	9.46
Bank Handlowy M8 88	1¼	97¼	97⅞	25/11	12.94	13.29
Bank of Tokyo M5¾ 93	0⅝	96⅝	97¼	18/4	13⅛	10.84
Banque Worms M5⅞ 85	0¼	98⅜	98⅞	15/12	9	9.15
Bq. Ext. d'Alg. M8.375 84	0⅜	96⅝	97⅛	9/2	9⅝	9.92
Bque. Ext. d'Alg. M7.5 85	0⅞	95⅞	96½	2/5	12⅞	13.26
Bque. Indo et Suez M5¼	0¼	97⅞	98⅜	25/1	9⅜	9.55
Bq. Int. Afr. Occ. M8.5 83	0⅞	96⅝	97¼	12/1	9⅝	9.66
CCCE M5.25 98	0¼	97	97½	3/2	9.19	9.45
CCF M5½ 85	0¼	99⅜	99⅞	3/5	12¼	12.33
Chase Man. O/S M5¼ 93	0¼	97½	97⅞	27/1	9.31	9.55
Credit National M5¼ 88	0¼	97⅞	98¼	11/1	9.19	9.39
Gotabanken M6 88	0¼	97½	98	15/5	12.31	12.60
Ind. Bank Japan M5¾ 85	0¼	98⅝	99¼	1/6	12.35	12.47
Ishikawajima M5¼ 85	0¼	97¼	98	27/4	11¼	11.51
Ljubljanska M7.75 85	1	95⅞	96⅝	19/1	10¼	10.69
LTCB Japan M5¼ 85	0¼	98⅜	99	4/5	12.06	12.22
Midland Intl. M5¼ 93	0¼	97⅝	98	23/2	9.44	9.66
Nat. West. M5¼ 90	0¼	97⅝	98¼	21/12	9.31	9.58
OKB M5⅞ 88	0¼	99⅝	99⅞	18/4	10.35	10.60
Offshore Mining 86	0¼	98	98½	19/1	9.44	9.61
Privredna Banka M8 85	0⅞	95⅞	96⅝	22/12	—	—
Standard Chart. M5.5 90	0¼	96⅝	97¼	10/2	8.94	9.23
Sundsvallsbanken M6 85	0¼	96⅝	97½	4/4	10.06	10.39
Utd. Overseas Bk. M6 83	0⅜	98⅜	99	4/5	12.31	12.47

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¾ 93	9/78	625	102	102½	+0¼	10.40
Baker Int. Fin. 5¼ 93	1/79	34	101½	102½	−0⅜	12.92
Boots 6⅞ 93	2/79	2.16	92	93	+0⅜	−3.26
Coca-Cola Bottling 6¾	4/79	9	88	90	−0⅜	23.23
Ito-Yokado 5⅞ 93	6/78	1473	129⅛	130⅛	−0⅞	−2.45
Novo Industri 7 89	4/79	259	93⅛	94⅜	+0⅜	3.79
Texas Int. Air. 7¾ 93	4/79	14.5	87	88½	−4⅞	9.25
Thorn Int. Fin. 7 88	11/79	3.67	101½	102	+0¼	−3.11
Tyco Int. Fin. 8½ 88	9/78	21	92	100	−0¼	11.59
Tyco Int. Fin. 5 84	5/78	61.5	75	77	+0⅜	158.89
Asahi Optical 3¼ DM	12/78	598	91¼	92¼	+0¼	−0.52
Casio Comp. 3¾ 85 DM	11/78	941	101½	102¼	−0⅜	2.99
Izumiya 3½ 86 DM	10/78	989	95⅞	96⅜	−1⅛	8.55
Jusco 3¾ 86 DM	1/79	1270	99⅜	95⅞	−0⅜	11.16
Konishiroku 3¾ 85 DM	1/79	612	93⅞	94⅞	−0¼	4.64
Marudai Food 3½ DM	2/79	1035	98⅛	99⅛	−0⅞	12.29
Murata Man. 3½ 86 DM	11/78	894	95⅞	96⅜	+1¼	1.80
Nippon Air. 3.5 88 DM	12/78	508	91	92	+0⅜	3.96
Nippon Shinpan 3¾ DM	8/78	738	113⅛	114¼	+0⅜	1.75
Nippon Yusen 3¾ 85 DM	1/79	251	95⅞	96⅜	+0⅜	2.91
Nissan Diesel 3½ 88 DM	2/79	477	94⅜	95¼	+0¼	10.24
Olympus Optical 3¼ 85 DM	2/79	733	98⅜	99¼	0	−0.85
Ricoh 3⅞ 88 DM	10/78	627	101	102	−0⅞	9.25
Sankyo Electric 3¼ DM	8/78	969	109⅜	111½	−1¼	6.67
Sanyo Electric 3¼ DM	11/78	285	89⅞	90⅞	−0¼	4.56
Seiyu Stores 3½ 86 DM	9/78	1275	112	113	−0⅞	−2.56
Sharp Corp. 3¼ 85 DM	2/79	487	93¼	94¼	−0⅞	−1.98
Stanley Electric 3¼ DM	11/78	628	93¼	94⅞	−0¼	11.71
Tokyo Electric 3¼ 87 DM	6/79	476	95⅞	96¼	+0⅞	−2.86
Trio-Kenwood 3¼ 86 DM	11/78	712	88⅜	89⅜	−1¼	10.84

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

FOREIGN INVESTMENT RULES EASED

Australia widens path for takeovers

BY JAMES FORTH IN SYDNEY

SIX MONTHS AGO, the Australian Government relaxed its rules on foreign ownership in an attempt to attract more overseas investment. Recent events indicate that, without any fanfare this time, they are undergoing further relaxation. The Government is adopting a more liberal attitude to takeovers of Australian companies by foreign interests than was indicated when the policy changes were introduced.

It seems that the motivation is a growing emphasis by the Government on foreign investment as a means of lifting the Australian economy out of its recession. Other strategies—the investment-led recovery and the export-led recovery—have been tried and found wanting. Now it appears the Government is pinning its hopes on the foreign capital-led recovery. The Treasurer, Mr. John Howard, stressed when delivering the 1978-79 federal budget that an increased private capital inflow was crucial to the recovery of the economy.

This has become more important, because the deterioration in the terms of trade has adversely affected the balance of payments, creating pressure on the exchange rate. The Government is expecting a current account deficit of about A$3bn (U.S.$3.4bn) in 1978-79 compared with A$2.4bn in 1977-78 and is looking to a capital inflow to bridge the gap. There was a surge in the June, 1978 quarter but this appears to have been largely to take advantage of tax concessions for investment in plant and the inflow has dropped away again.

Honorary status

Recently released figures showed there was a net foreign investment inflow of A$208m in the September quarter, compared with A$305m in the June quarter. Direct foreign investment in the September quarter was A$136m—a fall of 60 per cent on the figure of A$345m for the June quarter. These figures tend to explain the current Government attitude to foreign investment proposals.

Under Australia's Foreign Takeovers Act a company is classed as foreign if a single foreign shareholder has 15 per cent or more of the capital or if the foreign shareholdings aggregate 40 per cent or more of the capital. The policy changes spelled out in June provided for foreign companies to be granted honorary Australian status for new projects.

To qualify, the foreign company had to have at least 25 per cent local equity, give a public commitment to lift the Australian equity to at least 51 per cent and appoint a majority of Australians to the Board. The changes were aimed mainly at technically foreign companies listed on stock exchanges with an existing local equity, which, it was claimed, were at a disadvantage under the existing rules.

The changes were stoutly resisted at the time by a number of large Australian companies, notably CSR and Broken Hill Proprietary, which argued that they would result in a flood of foreign takeovers.

The Government bowed slightly to the pressure and agreed to exclude company takeovers from the relaxation. Companies which have agreed to "naturalise" could still make bids for Australian companies, but they would need to seek approval from the Foreign Investment Review Board, on the same status as foreign companies which had made no commitment to naturalise.

It appears however, that the naturalisation formula may have spread to company takeovers. In July the Government rejected a proposal by Brooke Bond Liebig of the UK to acquire the local tea and coffee group, Bushells Investments, for A$34m (US$39m) cash on the grounds that it was not in the national interest. It soon became general knowledge that one of the factors behind the rejection was the Government's desire to ensure that a significant local equity was retained in Bushells.

Revised offer

Brooke Bond persisted and last month the Government approved a revised offer which Mr. Howard claimed had been "framed to accord with the spirit of its foreign investment policy." In fact, the new proposal was that Australia's largest life office, the Australian Mutual Provident Society, would first take a 25 per cent interest in Brooke Bond's local activities; and the UK group agreed to increase the local equity to 51 per cent within three to five years. The scheme is almost identical with the naturalisation formula which was not supposed to apply to company takeovers.

Senior officials of the FIRB recently visited Japan, the U.S. and the UK on a mission to explain the Government's foreign investment policy and to attract investment. The chairman of the FIRB, Sir Bede Callaghan, claimed early this month on his return from the U.S. that the mission had achieved very encouraging results, and had received many inquiries about investing in Australia. The Prime Minister, Mr. Malcolm Fraser, has subsequently proposed a closer working relationship between FIRB and state authorities to remove any obstacles to overseas investment plans.

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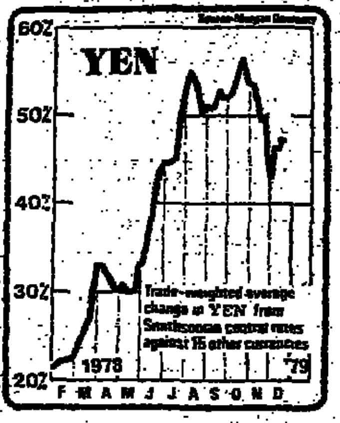
CURRENCIES, MONEY and GOLD

Dollar easier despite support

Despite further intervention by the U.S. Federal Reserve and several other central banks, the dollar continued to lose ground in the foreign exchange market yesterday. Trading was very nervous, but the U.S. currency finished above its lowest levels of the day. The yen, D-mark, and sterling seemed to command most interest, with the Japanese unit moving within a range of Y192.20 to Y193.30 against the dollar, before closing at Y193.20, compared with Y193.05 previously. The dollar's range against the D-mark was DM1.8360 to DM1.8580, and it finished at DM1.8420, compared with DM1.8585 on Monday. Movements against the Swiss franc were between SwFr 1.6320 to SwFr1.6580, before the dollar closed at SwFr 1.6420, against SwFr 1.6565.



The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, widened to 9.5 per cent from 9.4 per cent.

Sterling's trade-weighted index, on Bank of England figures, eased to 63.3 from 63.4, after touching a high point of 63.6 at noon, and standing at 63.3 in the morning.

The pound opened at $2.0040-$2.0050, and rose steadily as the dollar lost ground in the morning. It touched a best level of $2.0270-$2.0280 shortly after noon, but eased back to $2.0125-$2.0135 by mid-afternoon. Sterling closed at $2.0090-$2.0110, a rise of 45 points on the day.

NEW YORK—The dollar rose slightly in nervous early trading, with signs of possible intervention by the Federal Reserve.

PARIS — After a general decline, in a very nervous market, the dollar finished around its lowest level of the day against the French franc. It ended at FFr 4.2080-4.2120, compared with FFr 4.2550-4.2600 on Monday. Dealers reported support for the dollar by central banks during the afternoon. Sterling also declined against the franc, closing at FFr 8.4770, compared with FFr 8.5225 in the morning, and FFr 8.5430 Monday afternoon. The Swiss franc closed at FFr 2.5420, against FFr 2.5710 previously, while the D-mark was unchanged from its late-Monday level, at FFr 2.2905.

FRANKFURT—Heavy selling pushed down the dollar in early trading, when there was little sign of intervention by central banks. The Bundesbank did intervene at the fixing, however, buying $59.8m in very nervous trading. The dollar fell sharply to DM1.8390, from DM1.8570 at Monday's fixing, but recovered somewhat in the afternoon, rising to DM1.8405, following support for the dollar by the U.S. Federal Reserve. Central bank intervention was fairly strong throughout the afternoon, presumably to prevent the snowball effect of the morning, when the U.S. currency fell in steps in the absence of support from the authorities.

AMSTERDAM—The dollar improved to Fl 1.9925 in late trading, from a fixing level of Fl 1.9885. Monday's fixing level was Fl 2.0050.

TOKYO—The dollar closed at Y193.35, unchanged from Monday, when it fell sharply on news of the OPEC oil price rise. There was some intervention to support the U.S. currency by the Bank of Japan, but the dollar was generally stronger, rising from an opening level of Y192.50. The highest level touched was Y193.60, amid reports of active dollar buying for import settlements.

THE POUND SPOT

Dec. 19	Bank rate %	Day's Spread	Close
U.S. $	9½	2.0040-2.0280	2.0090-2.0110
Canadian $	10¾	2.3770-2.4050	2.3850-2.3860
Guilder	6½	3.98-4.05	4.00-4.01
Belgian F	6	58.15-58.85	58.25-58.40
Danish K	8	10.28-10.42	10.28½-10.31½
D-Mark	3	3.68-3.73	3.70-3.71
Port. Esc.	18	92.20-93.00	92.30-92.60
Span. Pes.	8	141.10-142.00	141.15-141.50
Lira	10½	1,667-1,677	1,667-1,669
Nrwgn. K.	7	10.08-10.17	10.08½-10.10½
French Fr.	9½	8.45½-8.54½	8.47½-8.48½
Swedish Kr.	6½	8.67½-8.76	8.68-8.70
Yen	3½	384-394	388-390
Austria Sch.	4½	27.00-27.30	27.05-27.10
Swiss Fr.	1	3.29-3.33	3.29½-3.30½

Belgian rate is for convertible francs. Financial franc 59.25-59.35.

FORWARD AGAINST £

One month	% p.a.	Three months	% p.a.
0.25-0.15c pm	1.19	0.67-0.57c pm	1.23
0.60-0.50c pm	2.77	1.40-1.30c pm	2.27
1¼-¾ c pm	2.25	3⅝-2⅝ c pm	3.12
20-10 c pm	3.11	60-50 c pm	3.77
¼-2¼ ore dis	−1.46	1¾-3¼ ore dis	−1.07
3⅛-2⅞ pf pm	9.31	9⅜-8⅜ pf pm	7.15
60-105 c dis	−10.64	150-320 c dis	−10.10
par 75 c dis	−3.19	160-260 c dis	−5.66
2-4 lire dis	−2.15	7-10 lire dis	−2.03
3½-1½ ore pm	2.67	5½-3½ ore pm	1.78
3¼-2¼c pm	3.90	9¾-8¾ c pm	4.36
2 ore pm par	1.38	6-4 ore pm	2.30
4.15-3.90y pm	12.42	10.60-10.35y pm	10.77
17.7 gro pm	5.32	47-37 gro pm	6.20
4-3 c pm	12.72	10⅛-9⅛ c pm	12.41

Six-month forward dollar 1.15-1.05c pm, 12-month 2.50-2.40c pm.

THE DOLLAR SPOT AND FORWARD

Dec. 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canada†	84.10-84.29	84.18-84.22	0.05-0.08c pm	0.87	0.16-0.19c pm	0.83
Nethlnd.	1.9875-2.0045	1.9875-1.9890	0.23-0.18c pm	1.04	1.12-1.05c pm	2.01
Belgium	29.00-29.31	29.00-29.02	6-3½c pm	1.65	19-17c pm	2.49
Denmrk.	5.1260-5.1805	5.1260-5.1285	1-1.50ore dis	−2.50	3.50-4ore dis	−2.90
W. Ger.	1.8385-1.8548	1.8415-1.8425	1.22-1.16pf pm	7.04	3.75-3.70pf pm	7.70
Portugal	45.95-46.30	45.95-46.10	40-50c dis	−11.73	90-160c dis	−10.86
Spain	70.35-70.64	70.35-70.40	12-35c dis	−3.76	105-135c dis	−6.82
Italy	829.75-833.15	829.75-830.25	1.85-2.60lire dis	−3.17	5.75-6.75lire dis	−3.36
Norway	5.0185-5.0390	5.0220-5.0240	1-0.50ore pm	1.12	1.15-0.65ore pm	0.60
France	4.2075-4.2485	4.2125-4.2175	1.20-0.80c pm	2.38	3.30-2.80c pm	2.88
Sweden	4.3245-4.3425	4.3255-4.3265	0.55-0.35ore pm	1.81	1.60-1.40ore pm	2.12
Japan	192.75-193.40	193.10-193.30	1.85-1.75y pm	10.33	4.63-4.53y pm	9.36
Austria	13.46½-13.57½	13.48½-13.48¾	5.50-4.50gro pm	4.15	16.50-14.50gro pm	4.57
Switz.	1.6385-1.6550	1.6420-1.6435	1.63-1.59c pm	10.91	4.73-4.69c pm	11.38

† U.S. cents per Canadian $.

CURRENCY RATES

December 19	Special Drawing Rights	European Unit of Account
Sterling	0.642478	0.675322
U.S. dollar	1.29909	1.36551
Canadian dollar	1.54176	1.62391
Austrian schilling	17.5182	18.3913
Belgian franc	37.7581	39.6885
Danish kroner	6.70330	7.03479
Deutsche Mark	2.38903	2.51334
Guilder	2.58324	2.71685
French franc	5.48917	5.75189
Lira	1076.82	1132.96
Yen	251.114	263.798
Norwegian krone	6.52143	6.86949
Peseta	91.3975	96.0863
Swedish krona	5.62792	5.91218
Swiss franc	2.12861	2.23685

CURRENCY MOVEMENTS

December 19	Bank of England Index	Morgan Guaranty changes %
Sterling	63.32	−41.0
U.S. dollar	83.05	− 9.5
Canadian dollar	78.76	−18.4
Austrian schilling	146.83	+19.8
Belgian franc	114.72	+15.4
Danish krone	118.28	+ 7.0
Deutsche Mark	150.24	+41.9
Swiss franc	196.90	+84.2
Guilder	124.59	+20.9
French franc	100.09	− 5.7
Lira	54.41	−49.1
Yen	149.19	+47.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index = 100).

OTHER MARKETS

Dec. 19	£	$		£ Note Rates
Argentina Peso	1.983-1.986	986.07-988.06	Austria	27-28
Australia Dollar	1.7460-1.7520	0.8722-0.8734	Belgium	59½-60¼
Finland Markka	7.9450-7.9550	3.9880-3.9900	Denmark	10.38-10.48
Brazil Cruzeiro	40.40-41.64	20.10-20.72	France	8.46-8.56
Greek Drachma	72.259-74.023	35.95-36.83	Germany	3.66-3.76
Hong Kong Dollar	9.6250-9.6450	4.7830-4.7860	Italy	1630-1680
Iran Rial	148.50-152.50	73½-75½	Japan	387-397
Kuwait Dinar (KD)	0.541-0.551	0.2691-0.2741	Netherlands	3.97-4.07
Luxembourg Franc	58.25-58.40	29.00-29.04	Norway	10.05-10.20
Malaysia Dollar	4.3600-4.3810	2.1750-2.1770	Portugal	90-96
New Zealand Dollar	1.8900-1.8980	0.9421-0.9452	Spain	144-148
Saudi Arabia Riyal	6.65-6.75	3.3084-3.3582	Switzerland	3.25-3.35
Singapore Dollar	4.3250-4.4344	2.1620-2.1630	United States	2.0075-2.0175
South African Rand	1.7499-1.7762	0.8705-0.8837	Yugoslavia	41-44

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Dec. 19	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.010	3.705	389.0	8.483	3.300	4.005	1668.	2.384	58.33
U.S. Dollar	0.498	1.	1.843	193.5	4.220	1.642	1.993	829.9	1.186	29.02
Deutsche mark	0.270	0.543	1.	105.0	2.289	0.891	1.081	450.2	0.643	15.74
Japanese Yen 1,000	2.571	5.167	9.524	1000.	21.81	8.483	10.30	4288.	6.129	149.9
French Franc 10	1.179	2.370	4.368	458.6	10.	3.890	4.721	1966	2.810	68.76
Swiss Franc	0.303	0.609	1.123	117.9	2.570	1.	1.214	505.5	0.722	17.67
Dutch Guilder	0.250	0.502	0.925	97.15	2.118	0.824	1.	416.5	0.595	14.56
Italian Lira 1,000	0.600	1.205	2.221	233.2	5.085	1.978	2.401	1000.	1.429	34.97
Canadian Dollar	0.419	0.843	1.554	163.2	3.558	1.384	1.680	699.7	1.	24.47
Belgian Franc 100	1.715	3.446	6.352	667.0	14.54	5.658	6.867	2860.	4.087	100.

EURO-CURRENCY INTEREST RATES

Dec. 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	10⅞-11⅜	9⅞-10⅛	7½-8½	10-10¼	−⅛-0	2¾-3	6½-6¾	11-14	—	½-2
7 days' notice	11¼-11⅝	10-10¼	7½-8½	10-10¼	−⅛-0	2¾-3	7¼-7½	12-14	10⅛-10¼	¼-1¾
Month	12 1/16-12 5/16	11-11¼	9 15/16-10 3/16	9⅞-10⅛	−1/16	3⅝-3¾	8⅜-8⅝	14-15	10 15/16-11 1/16	⅜-¾
Three months	13⅛-13½	11 11/16-11 15/16	10⅝-11	9⅝-9⅞	−1/16	3⅝-3¾	8½-8¾	14¾-15¾	11¾-11⅞	2-2⅜
Six months	13½-13⅞	12⅛-12⅜	10 15/16-11 3/16	9-9¼	¼-⅝	3¾-3⅞	9-9¼	15-16	12 1/16-12 3/16	2⅝-3
One year	13½-13⅞	11⅞-12⅛	10½-10⅞	8⅜-8⅝	⅞-1	3⅞-4	10-10¼	15½-16½	11 11/16-11 13/16	2 11/16-3 1/16

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.95-11.05 per cent; three months 11.30-11.40 per cent; six months 12.00-12.10 per cent; one year 11.65-11.75 per cent.

Long-term Eurodollar deposits: Two years 10⅝-11 per cent; three years 10⅝-10⅞ per cent; four years 10-10⅜ per cent; five years 10-10⅜ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Fed funds rate tightened

The Federal Reserve Bank signalled a possible tightening of monetary policy by making overnight reverse repurchase orders, with Fed funds trading at 9⅞ per cent. The latter were quoted in later trading at 9 15-16ths-10 1-16th per cent. Treasury bills fell, with 13-week bills at 9.11 per cent against 9.24 per cent late on Monday, and 26-week bills at 9.53 per cent. One-year bills eased from 9.54 per cent to 9.52 per cent.

FRANKFURT—Call money eased slightly from 3.45-3.55 per cent on Monday to 3.35-3.45 per cent. One, three and six-month money again shared the common rate of 4.1-4.2 per cent, while 12-month money was quoted at 4.15-4.3 per cent compared with 4.2-4.3 per cent previously.

PARIS — Interest rates were generally easier where changed, with call money remaining at 6¾ per cent, while the one-month rate eased to 6 13/16-6 15/16 per cent from 6⅞-6⅞ per cent. Three-month money was unchanged at 6⅞-6⅞ per cent but the six-month rate fell from 6⅞-7 per cent to 6 13/16-6 15/16 per cent. 12-month money was quoted at 7 1/16-7 3/16 per cent, down from 7¼-7⅜ per cent on Monday.

BRUSSELS — Deposit rates for the Belgian franc (commercial) showed a firmer trend throughout. One-month deposits rose to 9 11/16-9 15/16 per cent from 9½-9¾ per cent as did the three-month rate from 9⅜-9⅝ per cent to 9½-9¾ per cent. Six-month deposits were quoted at 8¾-9 per cent compared with 8⅝-8⅞ per cent, while the 12-month rate firmed to 8⅝-8⅞ per cent from 8½-8¾ per cent previously.

AMSTERDAM—Interest rates fell yesterday with call money at 10¼-10½ per cent compared with 11-11½ per cent on Monday. One-month money fell to 10⅝-10⅞ per cent from 10¾-11 per cent while the three-month rate was quoted at 10¼-10½ per cent against 10½-10¾ per cent. The rate for six-month money declined to 9½-9¾ per cent from 9¾-10 per cent.

MILAN — Interbank money market rates were unchanged throughout, from 10½-10¾ per cent for call money through to 11½-11¾ per cent for three-month.

HONG KONG—Conditions in the money market were steady, with call money at 9¼ per cent and overnight business dealt at 8¾ per cent.

GOLD

Further rise

Gold rose $3¾ to close at $216-$217 after a fairly active day. The metal opened at $216¼-217, and was fixed at $220.35 in the morning. It touched a high point of $221¼-222¼ just before lunch, but fell quite sharply to $216.30 at the afternoon fixing.

In Paris the 12½ kilo gold bar was fixed at FFr 29,800 per kilo ($220.16 per ounce) in the afternoon, compared with FFr 29,950 ($221.53) in the morning, and FFr 29,400 ($214.63) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 13,100 per kilo ($220.32 per ounce), compared with DM 12,720 ($212.720) previously.

	Dec. 19	Dec. 18
Gold Bullion (a fine ounce)		
Close	$216-217	$212½-213¼
Opening	$216¼-217	$211¾-213¼
Morning fixing	$220.35 (£109.248)	$212.20 (£105.704)
Afternoon fixing	$216.30 (£107.452)	$212.90 (£106.078)
Gold Coins domestically		
Krugerrand	$231-233 (£115-116)	$224½-226½ (£112-113)
New Sovereigns	$63½-65½ (£31½-32½)	$63½-65½ (£31½-32½)
Old Sovereigns	$61½-63½ (£30½-31½)	$60½-62½ (£30½-31½)
Gold Coins internationally		
Krugerrand	$225½-227½ (£112½-113½)	$219-221 (£109½-110½)
New Sovereigns	$57½-59½ (£28½-29½)	$56-58 (£28-29)
Old Sovereigns	$61½-63½ (£30½-31½)	$60½-62½ (£30½-31½)
$20 Eagles	$295-297	$290-295
$10 Eagles	$160-165	$158-164
$1 Eagles	$108-113	$108-113

UK MONEY MARKET

Very large assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a very large amount of Treasury bills and a small number of corporation bills, all direct from the discount houses. Total assistance was termed as very large. Discount houses were paying around 11¼ per cent for secured call loans at the start, and closing balances were taken down to 10 per cent.

The market was faced with slightly run-down bank balances, and a fairly large increase in the note circulation. There was also a moderate net take up of Treasury bills and local authority bills.

On the other hand there was a fairly large excess of Government disbursements over revenue transfers to the Exchequer.

In the interbank market, overnight loans opened at 11¼-11⅝ per cent and dipped to 11 per cent before news of a shortage pushed rates up to 11½-11¾ per cent. Money then tended to cheapen to 10⅞ per cent although closing balances were taken in the region of 11½ per cent. Longer term rates showed a slightly firmer trend, reflecting nervousness over a possible increase in U.S. interest rates.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Dec. 19 1978	Sterling Certificate on deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills♦	Eligible Bank Bills♦	Fine Trade Bills♦
Overnight	—	10⅝-11⅜	—	—	—	12⅛	10-11⅛	—	—	—
2 days notice	—	—	11⅞	—	—	—	—	—	—	—
7 days or...	—	—	—	—	—	12⅝	—	—	—	—
7 days notice	—	11⅝-11⅞	12	—	12¼	—	11¼-11⅛	—	—	—
One month	12 1/16-11 15/16	12-12⅛	12-12⅛	12⅛-12⅛	12⅝	12 1/16	11¾	11 9/16	11 13/16	12¼
Two months	12 3/16-12 1/16	12 3/16-12 5/16	—	12-12⅛	12½	12⅝	11¾	11 9/16	12 1/16	12⅜
Three months	12 5/16-12 3/16	12 5/16-12 7/16	12 5/16-12 7/16	12-12½	12⅝	—	11¾	11 21/32	12	12½
Six months	12 9/16-12 7/16	12⅛-12⅜	11⅞-12⅛	11½-12¼	12½	—	—	—	11⅞	12¼
Nine months	12 1/16-11 15/16	12-12⅛	—	11⅝-12	12½	—	—	—	—	—
One year	11 13/16-11 11/16	11⅞-12⅛	11⅝-12	11⅝-12	12½	—	—	—	—	—
Two years	—	—	12-12⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 12⅜-12½ per cent; four years 12⅝-12⅞ per cent; five years 12⅝-12⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 per cent; four-month trade bills 12⅝ per cent.

Approximate selling rates for one-month Treasury bills 11 9/16 per cent; and two-month 11 7/16 per cent; three months 11 19/32-11 9/16 per cent. Approximate selling rate for one-month bank bills 11 29/32 per cent; two-month 11 29/32 per cent; and three-month 12 per cent; one-month trade bills 12½ per cent; two-month 12¼ per cent; and also three-month 12½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11½ per cent from December 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent). Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.5769 per cent.

MONEY RATES

NEW YORK

Prime Rate	11.5
Fed Funds	10.0
Treasury Bills (13-week)	9.11
Treasury Bills (26-week)	9.53

GERMANY

Discount Rate	3
Overnight	3.50
One month	4.15
Three months	4.15
Six months	4.15

FRANCE

Discount Rate	9.5
Overnight	6.75
One month	6.825
Three months	6.6875
Six months	6.875

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.75
Bills Discount Rate	4.625

Wall St. stages modest technical recovery

HELPED BY news of an IBM stock split and dividend increase, Wall Street managed a modest technical rally yesterday in a fairly large business, following the previous day's sharp slide on the OPEC oil price increase.

The Dow Jones Industrial Average, down 18 points on Monday, closed 2.34 firmer at 789.85. The NYSE All Common Index recovered 38 cents to $52.58, while gains exceeded declines by 794 to 645. Turnover totalled 26.06m shares, down from Monday's heavy volume of 32.90m.

Analysts said, however, that investors are still concerned about the large OPEC oil price increase, as well as general inflation, interest rates and the pace of the U.S. economy.

In other news yesterday, the U.S. balance of payments deficit widened in the third quarter to $3.82bn following a narrowing of the gap in the second quarter.

The nation's mutual savings banks reported a $125m net deposit outflow in November—the first such outflow during the month of November since statistics were first compiled in 1947. The Mutual Savings Banks Association blamed the Federal Reserve's credit-tightening moves, whicht it said had pushed up short-term interest rates and attracted money out of savings accounts. It warned that more *net deposit outflows could be* expected in the months ahead unless the Administration's anti-inflation programme takes hold.

Actively-traded IBM jumped 11¾ to $281¾ on declaring a four-for-one stock split and a quarterly dividend raised to $3.44 per share from $2.88.

Boeing, also active, rose 1¼ to $68¾. The company said it has signed a contract to sell three 747 jets to China and has granted options on two others. In addition it has received an order from Air Canada for eight 727's.

Coco-Cola, which announced that it will start selling soft drinks in China from early in 1979, gained ⅞ to $43¼.

Carrier picked up 2¼ to $24¼. **United Technologies** on Monday started paying for the 17m Carrier shares acquired in a tender offer. **United Technologies** added ¼ at $37¼.

The Oils sector was notably firmer. **Marathon Oil** improved 1¼ to $55¼, **Standard Oil of Indiana** $1 to $54½, **Getty Oil** 1½ to $35¼, **Sohio** 1¼ to $41¼ and **Atlantic Richfield** $2 to $56⅞. Both Arco and Sohio have large interests in Alaskan crude oil production, which could benefit from OPEC's 14.5 per cent increase in oil prices.

UV Industries moved ahead 2¾ to $22. The company announced on Monday the sale *of its* Federal Pacific Electric unit to Reliance Electric for about $345m. Reliance put on ¼ to $35.

Chicago-Milwaukee gained 1½ to $7¼, **Hewlett-Packard** 1⅞ to $87⅞, **Teledyne** 1⅞ to $93¼, **Kodak** 1¼ to $58⅞, **Polaroid** 1⅜ to $48¼. **Merck** $1 to $63½ and **Smithline** 1¼ to $88½.

THE AMERICAN SE Market Value Index regained 0.70 to 146.38 in a far business. Volume 3.56m shares (4.17m).

CDI gained $1to $7½. The compjany has settled a suit with Hardwicke over a proposed Atlantic City casino project.

Actively-traded **Golden Nugget**, however, receded $1¼ to $16¼.

Canada

Most sectors managed to recoup some ground in a moderate early business, with the Toronto Composite Index regaining 3.7 to 1,273.8 at noon. Oils and Gas rose 18.2 to 1,758.7, Golds 19.3 to 1,418.2, Metals and Minerals 3.4 to 1,061.3 and Banks 0.13 to 306.56, but Utilities shed 0.72 more to 193.26.

Hudson's Bay rose ⅜ to C$20¾. Simpson's said it is withdrawing opposition to a take-over bid by Hudsoon's Bay. Trading in Simpsons remained halted.

Tokyo

Following Monday's sharp setback, shares put on a mixed performance yesterday in active dealings, with fresh liquidations in high-priced stocks more than offset by renewed buying in large-capital issues.

The Nikkei-Dow Jones Average recovered slightly by 4.86 to 5,983.32 and the Tokyo S.E. index rallied 0.23 to 445.61, while volume expanded sharply to 470m shares (220m).

Steels, Heavy Electric Machines, Textiles and some speculatives were firmer after falling on Monday, but export-orientated issues were generally lower following the fresh yen appreciation

Fisheries, Foods and Pharmaceuticals were inclined to harden on institutional buying.

Nichiro Gyogyo put on Y4 to Y120, **Nippon Steel** Y2 to Y130, **Nitto Spinning** Y6 to Y304 and **Toyama Chemical** Y33 to Y968.

However, **Sony** lost Y10 to Y1,490, **Victor of Japan** Y30 to Y1,070 and **Ricoh** Y15 to Y596.

Germany

With most investors sitting on the sidelines after the previous day's fall, the market closed with mainly small irregular movements following slow trading

However, Stores were notable for gains of around DM3 in **Karstadt**, DM326, and **Kaufhof**, DM3.30, while elsewhere, **Linde** gained DM1.50 to DM282.50. In contrast, **Bayer**, in Chemicals, shed DM1.40 to DM135.10.

Steels drew little interest amid continued concern over the steel dispute. **Kloeckner Werke** lost 40 pfennigs to DM89.60 despite the chairman's forecast of a smaller loss this year.

Public Authority Bonds lost up to 40 pfennigs more, despite DM15.6m nominal purchases by the Bundesbank. Mark Foreign Loans, however, gained ground.

Paris

Bourse prices were firmer for choice in moderate dealings on technical factors after the recent weakening trend.

Observers said the relative *firmness of the French franc* on foreign exchange markets, especially in relation to the dollar, had also boosted investor confidence.

Trading was only slightly affected by a nationwide power cut, which delayed the market opening by 30 minutes.

Financial groups, Foods, Constructions, Stores and Rubbers were among sectors to move higher, but Engineerings, Electricals and Chemicals tended to soften.

La Redoute hardened 2 to FFr 552 after announcing higher sales and net profits.

Bail Investissement were prominently *higher in Stores, while* also notably firmer were **Penhoet, Ruche Picarde, Suez, Bouygues, Kleber, LMT, Vallourec** and **Skis Rossignol.**

Generale de Fonderie, Sacilor, Bellon, Poclain, UTA and **Paribas** were among declining issues.

Australia

Further depressed by the overnight Wall Street and London market weakness, Australian stocks closed predominantly easier yesterday. An airline dispute and the possibility of another petrol strike were demostic factors also undermining *sentiment.*

Diamond stocks were still passing through an adjustment phase in the aftermath of the A$5.04m sales of Sibeka's 7 per cent Ashton interest, a sale which puts a value of around A$72m on the Ashton diamond project compared to something like A$250m that the share market had been putting on through its pricing of Ashton Mining and Northern Mining. **CRA** declined 7 cents more to A$3.38 and **Northern Mining** were 10 cents lower at A$1.15, but **Ashton Mining**, down 9 cents the previous day, rallied 2 cents to 90 cents. **Jones Mining** shed 4 cents.

Among Coals, **Coal and Allied** receded 10 cents to A$5.10, while *Oakbridge lost 5 cents* to A$1.63.

Uraniums were mainly lower, but **EZ Industries**, A$2.95, recouped 7 cents of Monday's fall of 10 cents.

BHP, after falling 26 cents the previous day partly on talk of a delay to the start of drilling on the Exmouth Plateau, managed *to recover* 8 cents to A$8.68. Other firm exceptions included **David Jones**, in Retailers, which hardened another 3 cents to A$1.26, and **Bundaberg Sugar**, up 7 cents at A$3.45.

Johannesburg

Golds were generally firmer on Bullion price considerations. Dealers noted, however, that despite the metal's sharp price rise, there was an air of concern awaiting the U.S. gold auction.

Mining Financials mostly advanced in line with gold producers, while, in Diamonds, **De Beers** closed 5 cents higher at R8.05, after reaching R8.10. Platinums were two to three cents harder.

Hong Kong

The market tended easier with the Hang Seng Index losing 4.87 more to 491.47, reflecting lack of interest and small selling.

There were market fears of a *further increase in interest rates* as the U.S. dollar continued to fall.

Hong Kong Bank and **Swire Pacific "A"** resisted the downtrend and picked up 10 cents each to HK$16.90 and HK$7.50 *respectively*, but **Hong Kong Land** lost 10 cents to HK$7.60 and **Jardine Matheson** 20 cents to HK$11.50. **Hong Kong and Kowloon Wharf** shed 80 cents to HK$26, **China Light** 60 cents to HK$21 and **Sun Hung Kai Properties** 20 cents to HK$6.40.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. ◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♠ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs: including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ▲ Interim since increased.

NEW YORK

† Bid. ‡ Asked. § Traded. ‖ New stock.

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hambros Bank	12½%
Allied Irish Banks Ltd.	12½%	■ Hill Samuel	§12½%
Amro Bank	12½%	C. Hoare & Co.	†12½%
American Express Bk.	12½%	Julian S. Hodge	13½%
A P Bank Ltd.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Industrial Bk. of Scot.	12½%
Associates Cap. Corp.	12½%	Keyser Ullmann	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	London Mercantile	12½%
Bank of N.S.W.	12½%	Edward Manson & Co.	13½%
Banque Belge Ltd.	12½%	Midland Bank	12½%
Banque du Rhone et de la Tamise S.A.	13 %	■ Samuel Montagu	12½%
Barclays Bank	12½%	■ Morgan Grenfell	12½%
Barnett Christie Ltd.	13½%	National Westminster	12½%
Bremar Holdings Ltd.	13½%	Norwich General Trust	12½%
Brit. Bank of Mid. East	12½%	P. S. Refson & Co.	12½%
■ Brown Shipley	12½%	Rossminster	12½%
Canada Perm't Trust	12½%	Royal Bk. Canada Trust	12½%
Cayzer Ltd.	12½%	Schlesinger Limited	12½%
Cedar Holdings	12½%	E. S. Schwab	13½%
■ Charterhouse Japhet	12½%	Security Trust Co. Ltd.	13½%
Choulartons	12½%	Shenley Trust	14 %
C. E. Coates	12½%	Standard Chartered	12½%
Consolidated Credits	12½%	Trade Dev. Bank	12½%
Co-operative Bank	*12½%	Trustee Savings Bank	12½%
Corinthian Securities	12½%	Twentieth Century Bk.	13½%
Credit Lyonnais	12½%	United Bank of Kuwait	12½%
Duncan Lawrie	12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Eagil Trust	12½%	Yorkshire Bank	12½%
English Transcont.	12½%		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	12½%		
■ Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½% and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 1187

هكذا من الأصل

COMMODITIES, RAW MATERIALS and AGRICULTURE

هكذا من الأصل

Meat group back in the black

By Our Commodities Staff

FMC, BRITAIN'S biggest meat business, is inching back into the black. Yesterday it announced a tiny first-half profit of £609,000 on a turnover of £238.57m.

Mr. David Darbishire, chairman of the group which is controlled by the Development Trust of the National Farmers' Union, said the directors were confident the full year's results would show an improvement on last year.

In the comparable part of the 1977-78 year FMC made a loss of £390,000 on £218m turnover.

Although there had been no improvement in the "unfair" competition from other EEC suppliers of meat into the British market, Mr. Darbishire was content that the company was trading profitably.

One of its larger and more old-fashioned bacon factories has been closed and more "rationalisation" is expected soon.

The *group* will also benefit from increased supplies of pigs in the *new* year, although *beef* cattle will still be *short. One* of the meat industry's main problems recently has been shortage of throughput.

Bumper soya crops expected

By Our Commodities Staff

HEAVY CROPS of soyabeans are expected in Brazil and Argentina, according to agency *reports from Latin America.* Government sources in Sao Paulo say the new year's crop—due to be harvested in March—will reach a record 13.5m to *13.95m tonnes.*

In Buenos Aires, the Argentine Ministry of Agriculture said it expected record plantings of soyabeans for the 1978-79 season. About 1.4m hectares are expected to be drilled with beans—almost 22 per cent more than last year.

The forecast was based on reports of farmers' sowing intentions. Planting has just started in the main production areas.

Final figures for Brazil's 1977-78 crop, withered by drought, are not yet available, but the Government has estimated that the harvest was 9.12m tonnes. Industry sources consider this too conservative and suggest production was between 9.7m and 10m tonnes.

Soyabean meal exports next year will be 6.8m tonnes, while 875,000 tonnes of oil and 900,000 tonnes of beans will be shipped abroad.

EEC pork subsidies rise risks U.S. anger

BY MARGARET VAN HATTEM

EEC FARMERS are to get higher subsidies on exports of pork products to countries outside the Community.

The EEC Commission, in a move expected to bring a hostile reaction from the U.S., announced yesterday that new export rebates, in some cases twice as *high* as the *existing* ones, would come into effect from December 25.

But a decision on export subsidies within the Community, *such as those paid on exports of* Danish Bacon to Britain, is not expected until January.

EEC Agriculture Ministers meeting here were preoccupied *for most of yesterday with the* regulation of the EEC wine market. Although the matter of monetary compensatory amounts for pigmeat was *expected to be raised later in* the evening, neither this nor the question of the "sluicegate price," the minimum price on imports into the Community, is *now expected to be resolved this* year.

France is insisting that the sluicegate—or minimum import—price be raised but Britain, *which is demanding* a cut in all subsidies on pork products traded within the Community, says it will not approve the first point until its gets satisfaction.

The Commission has put forward proposals on both issues which are expected to go before the pigmeat management committee in time for a decision before February 1.

Earlier, the Council of Ministers approved without discussion a proposal to extend existing arrangements relating to EEC fisheries both within Community waters and in interim arrangements with third countries such as Norway, Sweden, the Faroe Islands, Canada and Spain. Negotiations for more permanent agreements are expected to resume in January.

Minister backs Callaghan on new currency unit

BRITAIN LAST night supported EEC Commission proposals to introduce the new European Currency Unit (ECU) for the calculation of EEC common *farm prices in such a way as to* keep them at their present level.

This is in line with the stance adopted by the summit two weeks ago by Mr. James *Callaghan.*

This assent to a communiqué which stated that the application of the ECU to the farm policy should not change the level of prices, killed Britain's chances of manipulating the technicalities of the new system to bring about a reduction of common prices.

This would not have had any immediate effect on national farm prices, but would have changed the distribution of monetary compensatory amounts.

In supporting the British *stand* adopted at the summit meeting, Mr. John Silkin, the UK Minister of Agriculture, is considered to have little political option. However, it is privately suggested that he might have preferred a temporary solution

Protest as whale talks start

BY OUR OWN CORRESPONDENT

TOKYO—Anti-whaling groups demonstrated noisily here as a special meeting of the International Whaling Commission (IWC) opened at the foreign ministry yesterday.

The *meeting* is being held to decide the sperm whale catch quota in the North Pacific next year. No decision was taken on this question at the Commission's annual meeting in London in June.

Japan is expected to demand *that it be allowed a quota of* 2,754 whales, the same as this year. But the IWC's scientific committee which met earlier this month in the U.S. held the *predominent view that the quota* should not exceed last year's catch results and that the taking of female sperm whales should be suspended.

On the Japanese side there is concern that if a 20 per cent or 30 per cent drop in the quota is agreed on, it will have to curtail the number of ships sent to the North Pacific. Japan has one fleet being sent there and operates seven ships from land bases.

In 1977, after the last IWC quota decision, Japan was obliged to reduce its fleets from three to the present one. The Japan Whaling Association claims that 200,000 people, directly or indirectly, depend on the whaling industry for their livelihood. Much of the whale consumed in Japan is imported already, they note.

At the conference, the U.S. has taken the *lead in calling* for cuts in the quotas with the Soviets and Japan resisting. The latter two took over 6,400 sperm whales this year.

The IWC has already agreed on quotas for the southern and northern hemispheres for other types of whales during the 1978-79 season. The delegates will review the southern hemisphere sperm whale quota and discuss means of bringing other nations into the IWC.

About 200 members of the All Japan Seaman's Union, the Japan Whaling Association and *the Japan Joint Whaling Committee* demonstrated in front of the foreign ministry protesting any cut in the quota. Anti-whaling groups, including representatives from the UK and U.S., staged counter demonstrations.

At one point two American groups floated a 12-metre whale shaped balloon in a moat outside a major Tokyo hotel before police arrived.

If the IWC reaches a decision on the quota, Japan and Soviet Union—the two major whaling countries in the North Pacific—will negotiate their respective shares.

Our commodities staff writes: The political balance of the Tokyo meeting is somewhat uncertain. At last week's meeting of the IWC scientific committee in California, a Russian official stated that his country planned to cease all commercial whaling within five years. It remains to be seen how this will affect the Russian attitude to this week's talks.

Silkin may withdraw fish port aid offer

By Our Commodities Staff

FISHING BOAT owners using the port of Fleetwood were given a *thinly-veiled* warning yesterday that they may not, after all, get the £180,000 in Government grants earmarked for their relief.

The *threat came from* Mr. John Silkin, Minister of Agriculture, after the local boat owners' association—which manages all the port's shore *facilities*—announced it *was* to go into voluntary liquidation in spite of the promise of assistance.

Mr. Alf Davis, secretary of the local branch of the Transport and General Workers' Union, demanded on Monday that in these circumstances the offer of aid should be withdrawn.

Speaking in Brussels, Mr. Silkin said that in any case, no money would be paid out until the necessary order had been laid before Parliament next session and approved by both Houses.

"Before commending the scheme to Parliament I shall take account of any developments and of any representations made to me," he said.

Last week, he announced that £1.2m would be made available to help cover rising dock and service charges at Fleetwod, Hull and Grimsby.

But his offer of funds to boat owners did not satisfy the Fleetwood association which wanted £150,000—£30,000 less than the Government's offer—paid directly into its own reserves.

Peru stops fishing

LIMA—Commercial fishing in Peru will end on December 30, under an official decree published here yesterday.

This will affect anchovy and other species such as sardine, mackerel and hake, the Fisheries Ministry decree said.

Fishing for meal and oil had resumed on September 19 after a two-month ban.

Peru's commercial catch this year is likely to be around 2m tonnes, Francisco Mariategui, the fisheries minister, said last month.

The decree gave no date for the start of next year's fishing campaign.

Reuter

FRENCH AGRICULTURE

Earnings hit by inflation

BY OUR COMMODITIES STAFF

FRENCH FARM output has risen 5.1 per cent this year mainly by virtue of a 15 per cent jump in grain and *vegetable crop production,* a 2 per cent rise in the livestock sector and a further 2.5 per cent increase in milk deliveries to dairies.

And while farm *incomes* have risen 8.4 per cent over 1977 in simple terms, inflation has whittled this down to a mere 0.9 per cent.

The only sectors not making satisfactory progress this year, according to the results of a survey carried out recently by the Commission des Comptes de *l'Agriculture de la Nation, are* beef farming which is stagnating, and the pig industry which has been suffering from a combination of cyclical depression and tough competition from Holland and Germany.

The wheat crop yielded 20 per cent more than in 1977 and barley and maize output rose 10 *per cent and 11 per cent* respectively. The increases in wheat and barley are put down to improved yields *while* the improvement in maize is attributed to a bigger area which came close to the record acreages planted betwen 1973 and 1975.

Market prices for wheat and *maize have* averaged 7 per cent more than last season. Barley is 4 per cent dearer.

Potato growers have had a bad season. Although the crop *was 6 per cent lower than the* extremely high production of 1977, carry-over stocks into the current calendar year have helped to depress prices to about half last year's levels.

In the wake of the calamities *which struck* in 1977 there has been a marked rise—back to normal levels—in production of oilseeds and tobacco.

Improvement in the balance of the wine market has not so far produced any marked recovery in prices. Receipts, it is estimated, will rise by only 2 per cent this season. Deliveries of vins de qualité have fallen overall by 12 per cent this year, mainly because of a 60 per cent fall in production in the Champagne department. Reduced output of ordinary *table wines for the second year* in a row has brought a cut of 5 per cent in opening stocks for the new season.

In its assessment of the livestock *markets,* the Commission was confidently expecting an upswing in beef production this autumn, and at the same time forecast a price rise over the year of *14 per cent* for veal producers. The rise in veal production on the farm is running slightly behind the increase in slaughterings—up 2 per cent compared with 2.5 per cent. But the shortfall is being bridged by imports from Britain.

Although there is general unease in the pig business rooted *in heavy increases in output in* neighbouring Germany and Holland, prices have tended to stabilise because of a less hectic increase in domestic production and some reductions in monetary compensatory amounts which act as subsidies on imports from other EEC countries.

Milk output has improved further and prices have risen *about 9 per cent over the year.* Apart from the over-riding problem the EEC has with its huge dairy surpluses, France has been having some difficulties in its export markets mainly because of the pressing need for Germany to thin out its abundant stocks of butter and milk powder. Its attempts to export have interfered with France's trade.

After two years of falling production and rapidly rising prices egg output this year has gone up 3 per cent and prices have risen at the more modest rate of 5 per cent.

Farmers' purchases of feedingstuffs rose 7 per cent, mainly because of a lengthy period of stable prices. And they also bought 5 per cent more fertiliser this year, probably, the Commission says, because of improved climatic conditions which allowed them more time for fieldwork.

Average cost of the main farm inputs rose only 5.5 per cent over the year with exceptionally high price increases in veterinary medicines.

● **National subsidies for French farming this year will total *FFr 3.650bn, a figure inflated* by the inclusion of FFr 1.5bn paid out to farmers hit in 1977 by floods and storms in the South West.**

● **The number of farmers in France is falling at 2.4 per cent a year, latest estimates show.**

Copper buyers active

THE DEPRESSING effects of the strength of sterling on prices on the London Metal Exchange yesterday were more than offset by the impact of two influential buyers in the Copper market.

According to rumours originating in the U.S., the buyers were covering against Chinese buying in the physical copper market.

At the close all futures prices had edged marginally ahead on the day.

Our correspondent in Lusaka *writes: Zambian copper production* in 1978 is likely to total 656,000 tonnes, slightly less than last year's figure of 660,000 tonnes, according to informed sources.

Output of the two state-owned companies, Roan Consolidated Mines (RCM) and Nchanga Consolidated Copper Mines (NCCM) is expected to be 284,000 tonnes and 372,000 tonnes respectively.

The industry has faced considerable problems this year, including a shortage of skilled manpower, inadequate supplies of spare parts and oil due to a lack of foreign exchange, and severe congestion on the northern export route to the Tanzanian port of Dar-es-Salaam.

Earlier this year Mr. J. C. Ma'oma, Minister of Mines, warned of "an alarmingly high resignation rate among skilled and experienced personnel" which was *likely* to adversely affect production in 1978-79.

Late rally in cocoa market

By Our Commodities Staff

COCOA PRICES rallied yesterday afternoon after a forecast of a 21,000 tonnes surplus in the 1978/79 season had helped to trim £20 off nearby values during the morning.

Dealers said the forecast, by London merchants Gill and *Duffus, together with the lower* sterling level encouraged a lower opening but the market later came to the conclusion that the Gill and Duffus prediction had been discounted in yesterday's £50 fall.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Steady on the London Metal Exchange after forward metal had initially declined from £782 to £778 on the stronger pound. Good buying caused a rally to £781 but there was a fall to £777 after the Comex opening before the rise resumed. Heavy buying from two quarters and rumours, apparently from the U.S., of Chinese buying, pushed the price up to £787 and a close on the Kerb of £786.75. Turnover 35,350 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	765-6	—1.5	768.5-9.5	+1
3 months	780.5-1.5	—2.75	785-.5	+1
Settl'm'nt	766	—2.5	—	......
Cathodes				
Cash	751-2	—2.75	755-7	+2
3 months	769-.5	—3	772-4	+.75
Settl'm'nt	752	—2.5	—	......
U.S. Smt.	—	......	*72	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £763.5, 64, 65, three months £779, 78, 78.5, 78, 79, 79.5, 80, 81. Cathodes, three months £769. Kerb: Wirebars, cash £764, three months £781, 80.5, 81, 80.5, 80. Cathodes, three *months* £769. Afternoon: Wirebars, three months £780, 79.5, 80, 81, 82, 81, 81.5, 82, 81.5, 82, 82.5, 83, 83.5, 84, 84.5, 85. Kerb: Wirebars, three months £785, 85.5, 86, 85.5, 86, 85, 84.5, 85, 85.5, 86, 86.5, 87.

TIN—Little changed on balance after forward metal had started at £6,965 following a steady Eastern market overnight. Despite overnight physical inquiry there was hedge selling pressure which, coupled with the rise of the pound, caused a fall to £6,920. In the afternoon buying against physical business and the fall of sterling allowed a rise to £6,960 before a close on the Kerb of £6,950. Turnover 1,330 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7000-10	—82.5	7030-40	+15
3 months	6925-30	—45	6950-4	+19.5
Settlem't	7010	—58	—	......
Standard				
Cash	7000-10	—82.5	7030-40	+15
3 months	6925-30	—45	6950-4	+19.5
Settlem't	7010	—80	—	......
Straits E.	‡1795	+4	—	......
New York	—	......		

Morning: Standard, cash £7,010, three months £6,930, 25, 30, 25, 20, 25. Kerb: Standard, three months £6,935, 30. Afternoon: Standard, three months £6,935, 40, 35, 30, 50, 45, 55, 50, 60, 55, 60, 55, 52. Kerb: Standard, three months £6,950.

LEAD—Moved narrowly in routine trading with the market lacking outside stimulus. Forward metal edged up from £400 and eventually closed on the Kerb at £404. Turnover 7,000 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	
Cash	485.5-6	—3.75	425-6	—1.5
3 months	401-.5	—1	405-.5	+1
Sett'ment	426	—4	—	......
U.S. Spot	—	......	*36.36	......

Morning: Cash £426, 26.5, 26, three months £400, 1, 1.5, 1, 2, 2.5, 2, 1.5. Kerb: Three months £401, 1.5. Afternoon: Cash £425, three months £400, 1, 2, 1.5, 2, 2.5, 3, 3.5. Kerb: Three months £404.5, 4, 3.5, 4.

ZINC—Traded quietly but there was some physically-oriented business. Forward metal moved down to £352 in *early trading but then climbed* to £354 and a close on the Kerb of £353.5. Turnover 7,075 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	348.5-9.5	+.5	345-.6	+.5
3 months	353.5-4	—.25	353.5-4	+1
S'ment	349.5	+.5	—	......
Prim. west	—	......	*33.4-5	......

Morning: Cash £353, 53.5, 54, three months £353. Afternoon: Three months £353, 52.5, 52, 53. Kerb: Three months £353.5, 53.

ALUMINIUM—Fluctuated in line with the movements of the pound in quite active trading. Forward metal was £620 pre-market but then fell to £616 before creeping up to close on the Kerb at £620. Turnover 1,225 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot				
3 months	617-.5	+.5	619-20.5	+1.5

Morning: Three months £617, 16.5, 16, 17. Afternoon: Three months £619.5, 20.5, 20. Kerb: Three months £619.5.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 0.05p an ounce higher for spot delivery in the London bullion market yesterday at 298.05p. U.S. cent equivalents of the fixing levels were: spot 600.6c, up 4.5c; three-*month* 617.1c, up 5.0c; six-month 630.9c, up 4.6c; and 12-month 659.2c, up 6.5c. The metal opened at 296-299p (597½-599½c) and closed at 296-297p (595-596½c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	298.05p	+0.05	296.95p	—2.5
3 months	306.15p	+0.1	303.5p	—2.5
6 months	312.95p	+0.2	—	......
12 months	326.60p	+0.3	—	......

LME—Turnover 288 (459) lots of 10,000 ozs. Morning: Three months 307, 6.7, 6.2, 6.3, 6.1. Kerbs: Three months 306, 6.7, 6.2, 5.4. Afternoon: Three months 304.7, 4.5, 4, 3.9. Kerbs: Three months 304, 3.5, 3.3, 3.2, 3, 3.2, 3.5.

COCOA

After initially opening some £20 lower, cocoa prices rallied due to short-covering, trading for the rest of the day in quiet conditions to close marginally higher than last night's levels, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec.	1857.0-60.0	—9.0	1864.0-54.0
March	1978.5-80.0	—2.0	1985.0-68.0
May	2016.0-18.0	—0.0	2023.0-1990
July	2028.0-24.0	+2.0	2035.0-00.0
Sept.	2030.0-31.5	—1.75	2033.0-08.0
Dec.	2000.0-08.0	+1.0	2010.0-1990
March	1985.0-95.0	+0.5	1990.0-1984

Sales: 6,186 (2,922) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound). Daily price for Dec. 18: 177.31 (179.10). Indicator price Dec. 19: 15-day average 181.79 (182.65); 22-day average 183.34 (183.74).

COFFEE

Following a morning that produced little activity early on robusta coffee futures behaved erratically soon after lunch, reported Drexel Burnham Lambert. Heavy trade selling from one house was the main feature pushing the spot position some £80 lower on the day. However prices soon staged a recovery when good buying from one quarter enabled the market to finish within £10-£52 from Monday's closing levels.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	1394-1395	—51.5	1432-1385
March	1346-1349	—42.0	1375-1330
May	1197-1201	—31.5	1218-1178
July	1135-1155	—34.0	1164-1145
September	1120-1130	—29.0	1155-1122
November	1100-1110	—29.0	1125-1096
January	1090-1110	—25.0	—

Sales: 5,338 (1,377) lots of 5 tonnes.

ICO Indicator prices for Dec. 18 (U.S. cents per pound): Colombian Mild Arabicas 170.00 (same); unwashed Arabicas 143.00 (same); other Mild Arabicas 130.83 (132.33); Robustas ICA 1976 129.50 (131.00); Robustas ICA 1968 130.50 (132.00). Daily average 130.17 (131.67).

GRAINS

LONDON FUTURES (GAFTA)—Grains opened unchanged and initially values eased slightly, but good commercial buying interest was seen at 10.15 lower on the wheat, 25p lower on the barley. In the afternoon session the market rallied and on fairly good volume traded to close 5p and 40p up on wheat and 25-30p up on barley. New crops remained steady and closed 25p higher on wheat and 5p higher on barley, reported Acli.

	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Jan.	91.45	+0.4	83.25	+0.25
Mar.	93.45	+0.45	85.60	+0.25
May	95.30	+0.45	88.00	+0.35
Sep.	89.65	+0.25	85.60	+0.30
Nov.	93.55	+0.25	88.60	+0.20

Business done—Wheat: Jan. 91.35-90.9, March 93.55-93.15, May 95.30-94.90, Sept. 89.60-89.55, Nov. 93.55-93.20. Sales: 129. Barley: Jan. 83.25-82.75, March 85.80-85.15, May 87.80-87.50, Sept. 85.60-85.40, Nov. nil. Sales: 201.

HGCA—Location ex-farm spot prices. Other milling wheat: Berks 90.50. Feed barley: NE England 78.60, Berks 79.20, Oxon 80.10.

The UK monetary coefficient for the week beginning Monday, December 25 (based on HGCA calculations) is expected to remain unchanged.

IMPORTED—Wheat: CWRS No. 1 13½ per cent Dec. 96.25 quoted Tilbury. U.S. Dark Northern Spring No. 2 14 per cent Dec. 89.50, Jan. 90.75 sellers transhipment East Coast. U.S. Hard Winter 13½ per cent Dec. 87.00, Jan. 87.25, Feb. 87.50 sellers transhipment East Coast. EEC unquoted. Maize: U.S./French Dec. 106.00, Jan. 106.50 transhipment East Coast. S. African White Jan. 67.50. Barley: English feed fob Jan. 88.00-85.75, Feb. 88.25 transhipment East Coast.

EEC IMPORT LEVIES—The following levies and premiums are effective for Dec. 20 in order of current levy plus Jan., Feb. and March premiums (with previous in brackets) all in units of account per tonne. Common wheat: 80.33, rest nil (80.33, 1.03, 1.08, nil). Durum wheat: 118.07, rest nil (118.07, rest nil). Rye: 83.83, rest nil (83.83, rest nil). Barley: 86.68, rest nil (86.68, rest nil). Oats: 81.87, 2.01, 2.01, nil (79.35, 4.21, 4.21, 2.39). Maize (other than hybrid for seeding): 78.26, 0.16, 0.16, nil (78.26, rest nil). Buckwheat: All nil (all nil). Millet: 6.14, rest nil (64.25, nil, nil, 0.63). Grain sorghum: 77.14, rest nil (77.14, rest nil). Flour levies—Wheat or mixed wheat and rye flour: 123.15 (123.81). Rye flour: 128.70 (128.70).

RUBBER

EASIER opening on the London physical market. Uncertain throughout the day, closing quiet. Lewis and Peat reported the Malaysian go-down price was 233 (234) cents a kilo (buyer, January).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Jan.	57.60-57.80	56.90-57.20	57.20-56.95
Feb.	57.90-58.00	57.50-57.60	
Mar.	58.20-58.40	57.80-57.90	58.15-57.90
Apr-Jne	60.75-60.85	60.45-60.60	61.00-60.85
Jly-Sept	63.10-63.20	62.75-62.85	63.25-62.80
Oct-Dec	65.40-65.50	64.95-65.00	65.50-64.95
Jan-Mar	67.75-67.85	67.25-67.40	67.60-67.25
Apr-Jne	70.10-70.20	69.50-69.65	70.10-69.65
Jly-Sep	72.35-72.50	71.80-71.90	72.30-71.90

Sales: 7 (5) lots of 5 tonnes, 320 (255) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 56.75p (56.25); Jan. 58p (57.9); Feb. 58.75p (same).

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
December	124.35-26.0	+0.5	124.26
February	127.6-127.9	—0.25	127.80-27.60
April	125.00-25.5	—0.25	125.80-25.50
June	122.00-23.0	—0.1	
August	122.00-23.0	—0.1	
October	122.00-24.0	—0.1	
December	124.50-26.5	—0.4	

Sales: 55 (65).

SUGAR

LONDON DAILY PRICE (raw sugar) £101.00 (£102.00) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £100.00 (same).

The market was contained within a 50 points trading range throughout the day, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	111.35-11.50	110.95-11.00	111.50-10.00
May	114.25-14.30	113.80-13.85	114.50-13.05
Aug.	117.45-17.50	116.95-16.90	117.50-16.75
Oct.	120.00-20.10	119.60-19.70	120.10-19.25
Dec.	122.50-22.80	122.10-22.20	
March	125.50-26.50	124.80-25.25	126.50
May	128.50-28.70	128.00-28.50	

Sales: 1,476 (2,472) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £284.65 (same) a tonne for home trade and £174.00 (£173.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Dec. 18: Daily 8.28 (8.17); 15-day average 7.97 (7.94).

WHITE SUGAR—Close (in order, buyer, seller, business, sales): Feb. 101.25, 101.50, 101.25-100.50, 75; April 107.50, 108.00, 107.95-107.50, 15; July 113.00, 113.25, 113.25, 5; Sept. 116.50, 119.00, 116.75, 30; Nov. 124.50, 125.00; Feb. 129.50, 130.00, April 132.00, 136.00. Sales: 121.

JUTE

JUTE—Steady. Dec.-Jan. c. and f. Dundee. BWC £285, BWD £253, BTC £285, BTD £253. C. and f. Antwerp. BWC £285, BWD £253, BTC £285, BTD £253. Yarn and cloth quiet. Calcutta goods steady. Dec. c. and f. Dundee 40 inch 10-oz £11.16, 40 inch 7.5-oz £8.55, B twills 30.02.

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 288 tonnes, bringing the total for the week so far to 424 tonnes. Modest operations in American type styles were again reported although customers appeared to be anxious about the downward drift in prices. Mixed dealings in Russian, Turkish and Colombian made up the bulk of the offtake.

WOOL FUTURES

LONDON—The market was quiet, reported Bache.

(Pence per kilo)

Australian Greasy Wool	Yesterd'y's Close	+ or —	Business Done
December	217.0-25.0		
March	221.0-25.0		
May	224.0-30.0		
July	225.0-31.0		
Oct.	227.0-33.0		
Dec.	228.0-34.0		
March	229.0-35.0		
May	230.0-37.0		

Sales: Nil (same).

SYDNEY GREASY—Close (in order, buyer, seller, business, sales). Micron Contract: Dec. 343.4, 343.8, 343.8-343.1, 27; March 350.2, 350.5, 351.0-350.2, 15; May 356.5, 357.0, 357.0-356.5, 18; July 360.5, 361.2, 361.0-360.5, 6; Oct. 365.0, nil; Dec. 366.0, 366.5, 366.5-366.0, 16; March 369.5, 371.5, 369.5-369.0, 3; May 370.5, 373.5, nil. Total sales: 82.

NEW ZEALAND CROSSBREDS—Close (in order, buyer, seller): Dec. 184.0, 190.0; March 182.0, 185.0; May 185.0, 186.0; July 187.0, 188.0; Oct. 190.0, 192.0; Dec. 182.0, 97.0; March 183.0, 98.0; May 183.0, 98.0. Sales: Nil.

MEAT/VEGETABLES

SMITHFIELD (pence per lb)—Beef: Scotch killed sides 56.0 to 59.0; Eire hindquarters 68.0 to 72.0, forequarters 34.0 to 38.0.

Lamb: English small 48.0 to 59.0, medium 48.0 to 58.0, heavy 44.0 to 50.0; Scotch medium 48.0 to 52.0, heavy 44.0 to 50.0. Imported frozen New Zealand YLs 47.0 to 48.0.

Pork: English, under 100 lb 39.0 to 49.0, 100-120 lb 39.0 to 45.0, 120-160 lb 35.0 to 44.0.

Partridges: Young (each) 200.0 to 240.0.

Pheasants: Best (per brace) 300.0 to 320.0.

MEAT COMMISSION—Average fatstock prices at representative markets on December 19. GB cattle 70.00p per kg. l.w. (—1.71); UK sheep 133.6p per kg. est.d.c.w. (+1.5); GB pigs 60.6p per kg. l.w. (—4.0). England and Wales: Cattle numbers down 44.0 per cent, average price 69.90p (—2.15); Sheep numbers down 42.9 per cent, average price 134.4p (+1.9); Pig numbers down 45.9 per cent, average price 59.8p (—4.7). Scotland—Cattle numbers up 3.8 per cent, average price 72.03p (—0.97); Sheep numbers down 3.8 per cent, average price 122.5p (+0.8); Pig numbers down 0.8 per cent, average price 64.5p (—1.3).

COVENT GARDEN—Prices in sterling per package except where stated: Imported Produce: Lemons—Italian: 120's new crop 5.25-5.50; Greek: 5.00-5.50; Cyprus: Trays 4.80-5.20; Spanish: 80/180's 4.30-6.50; Spanish: Trays 2.00-2.20. Oranges—Spanish: Navel-Navelines 4.00-4.60; S. African: Valencia late 1.50; Greek: Navels 20 lbs 4.40-4.50; Israeli: 4.20-5.05. Clementines—Cypriot: 10 kilos 3.50-4.00; Moroccan: 2.30-2.40; Satsumas—Spanish: Trays 2.50-3.00. Grapefruit—Israeli: 3.60-4.40; Florida: 4.80-5.80; Turkish: 2.40-2.60; Cypriot: 2.20-3.60. Apples—French: Stark Crimson 40 lbs 138/163's 4.40-5.30, 20 lbs 84's 2.20-2.70; Golden Delicious 20 lbs 1.80-2.20, 84's 1.70-1.90. English Produce—Potatoes—Per 25 kilos 1.40-2.00. Lettuce—Per 12 round 1.60-1.80. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramley 0.06-0.12, Cox's Orange Pippin 0.08-0.15, Worcester Pearmain 0.04-0.06, Russets 0.06-0.09, Spartan 0.08-0.10. Pears—Per pound Conference 0.06-0.14, Comice 0.14-0.18. Cabbages—Per crate 1.00. Celery—Per head 0.12-0.15. Cauliflowers—Per 12's Kent 3.50-4.00. Beetroot—Per 28 lbs 0.60-0.70. Carrots—Per 28 lbs 0.50-0.60. Capsicums—Per pound 0.30. Onions—Per bag 1.80-2.20. Swedes—Per 28 lbs 0.60. Turnips—Per 28 lbs 0.80-1.00. Parsnips—Per 28 lbs 1.20-1.40. Sprouts—Per pound 0.08-0.10.

HIDES—Birmingham. Ox unchanged but cows firmer. Second clear ox 31-35½ kilos 69p per kilo; 26-30½ kilos 75p; 22-25½ kilos 83p. Lightcows 82.1p. No calf offered.

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Dec. 19 1978	+ or —	Month ago
Metals			
Aluminium	£710		£710
Free market (cif)	$1,170/90		$1,180/20
Copper cash W Bars	£769	+1.0	£749.5
3 months do. do.	£785.25	+1	£770.75
Cash Cathode	£756	+2.0	£738.5
3 months do. do.	£773	+0.75	£759.25
Gold Troy oz.	$215.5	+3.25	$199.875
Lead cash	£425.5	—1.5	£391.5
3 months	£403.25	+1.0	£382.5
Nickel			
Free Market (cif)(lb)	$1.68 / 1.80		$1.70 / 1.80
Platinum troy oz.	£156		£142
Free Market	£173.9	+0.9	£165.2
Quicksilver (76 lb)	$155/70		$150/55
Silver troy oz.	298.05p	+0.05	287.75p
3 months	306.15p	+0.1	293.7p
Tin cash	£7,035	+15	£7,480
3 months	£6,952	+15.5	£7,380
Tungsten 22.04 lb (cif)	$145.96		$145.96
Wolfram 22.04 cif	$137/41		$140/45
Zinc cash	£354		£353.25
3 months	£355.75	—2.0	£367.5
Producers	$720		$720
Oils			
Coconut (Phil.)	$935y		$840
Groundnut	£1,070y		
Linseed Crude	£353		£320
Palm Malayan	$620x	+7.0	$595
Seeds			
Copra Philip	$635y	+12.5	$570
Soyabean (U.S.)	$285y		$276
Grains			
Barley Home Futures	£85.6	+0.3	£83.6
Maize French No. 3 Am	£106.00		£103.5
Wheat No. 1 Red Spring	£95.25	+0.5	£94.5
No. 2 Hard Winter	£87		£85.5
English Milling	£95.5x		£92.5
Other commodities			
Cocoa Shipment	£2,040	+8.0	£2,010
Future Mar.	£1,978.75	—1.75	£2,173.5
Coffee Future Jan.	£1,394.5	—51.5	£1,417
Cotton 'A' Index	78.5c	—0.5	79.5c
Rubber kilo	56.75p	+0.5	59.5p
Sugar (Raw)	£101	—1.0	£100
Wooltops 64s (kilo)	271p		274p

* Nominal. † New crop. ‡ Unquoted. x Jan.-March. y Dec.-Jan. z Feb.-March. u Jan.-Feb. w Jan. r Per ton. § Indicator prices.

INDICES

FINANCIAL TIMES

Dec. 19	Dec. 18	Month ago	Year ago
255.92	258.59	261.28	237.47

(Base: July 1, 1952=100)

REUTERS

Dec. 19	Dec. 18	Month ago	Year ago
1500.5	1502.5	1510.5	1415.6

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Dec. 19	Dec. 18	Month ago	Year ago
Spot	384.67	386.26	396.18	353.16
Futures	381.75	383.33	392.08	[illegible]

(Average 1924-25-26=100)

MOODY'S

Moody's	Dec. 19	Dec. 18	Month ago	Year ago
Spla Commty	976.6	978.8	978.4	[illegible]

(December 31, 1931=100)

U.S. Markets

Copper and precious metals rise

NEW YORK, Dec. 19.

PRECIOUS METALS closed sharply higher on Commission House and chartist buying on rumours that the prices and quantities bid for in the auction were constructive. Copper closed higher following precious metals and speculative buying. Cocoa closed slightly higher on light arbitrage buying and speculative short-covering, Bache reported.

Cocoa—Dec. 173.90 (174.15), March 173.90 (173.60), May 173.90, July 173.90, Sept. 172.15, Dec. 169.15, March 167.15. Sales: 1,016.

Coffee—"C" Contract: Dec. 134.75-136.00 (134.58), March 125.90-126.50 (126.90), May 122.75-123.35, July 121.50-122.00, Sept. 121.50-122.00, Dec. 119.00-112.00, March 116.75-118.50, May unquoted. Sales: 804.

Copper—Dec. 68.90 (68.00), Jan. 69.00 (68.15), Feb. 69.80, March 70.60, May 71.85, July 73.00, Sept. 74.00, Dec. 75.25, Jan. 75.65, March 76.45, May 77.25, July 78.05, Sept. 78.85. Sales 8,000.

Cotton—No. 2: March 67.25-67.40 (68.39), May 69.25-69.50 (70.43), July 70.40-70.50, Oct. 66.21-66.30, Dec. 64.50-64.60, March 65.30-65.35, May 65.30-65.60. Sales: 7,550.

*Gold—Dec. 220.80 (214.70), Jan. 221.90 (215.80), Feb. 223.70, April 227.60, June 231.60, Aug. 235.60, Oct. 239.60, Dec. 243.70, Feb. 247.80, April 251.90, June 256.00, Aug. 260.20, Oct. 264.40. Sales: 45,000.

†Lard—Chicago loose 23.25 (same). NY prime steam 24.75 nom. (same).

‡‡Maize—Dec. 219¾-220 (220), March 233-232¾ (233¾), May 241½, July 247½-247½, Sept. 249, Dec. 253¾.

§Platinum — Jan. 350.00-355.00 (346.50), April 353.50-358.00 (349.00), July 356.00-361.50, Oct. 364.00, Jan. 361.50, April 367.00-367.20, July 364.00. Sales: 3,147.

¶Silver—Dec. 601.20 (595.50), Jan. 603.70 (597.20), Feb. 607.10, March 610.50, May 617.80, July 626.30, Sept. 634.80, Dec. 648.30, Jan. 653.10, March 662.60, May 672.20, July 681.90, Sept. 691.70. Handy and Harman spot 594.50 (558.00). Sales 17,000.

Soyabeans—Jan. 703-702 (702½), March 717½-718 (716), May 725-724, July 726-725, Aug. 716½, Sept. 693-695, Nov. 677½-678, Jan. 685½.

‖Soyabean Meal—Dec. 195.90-195.80 (198.40), Jan. 197.30-197.00 (197.60), March 196.20-196.80, May 193.90-192.00, July 193.00-192.80, Aug. 192.00, Sept. 189.80-190.00, Oct. 188.00, Dec. 186.50, Jan. 185.50-186.00.

Soyabean Oil—Dec. 25.55 (25.73), Jan. 25.75-25.80 (25.77), March 25.75-25.70, May 25.45-25.48, July 25.30-25.35, Aug. 25.10, Sept. 24.40, Oct. 24.00, Dec. 23.75, Jan. 23.50-23.70.

Sugar—No. 11: Jan. 8.54-8.55 (8.55), March 8.98-8.99 (8.99), May 9.16-9.17, July 9.34-9.35, Sept. 9.56-9.57, Oct. 9.67-9.68, Jan. 9.68-9.69, March 10.22-10.24, May 10.35-10.50. Sales: 5,250.

Tin—650.00-664.00 nom. (650.00-663.00 nom.). Spot 650.00-664.00 asked (650.00-663.00).

**Wheat—Dec. 371-375 (373¼), March 346½-348 (347¼), May 337-337¼, July 323¼-323¼, Sept. 328¼, Dec. 339¼.

WINNIPEG, Dec. 19. ††Rye—Dec. 93.40 bid (96.00), May 99.90 (102.50 asked), July 102.70 asked, Oct. 102.00.

††Oats—Dec. 89.70 asked (90.00), March 81.70 asked (81.60), May 79.40 asked, July 79.10 asked, Oct. 78.90 bid.

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 59-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ C$ per tonne.

COMPANY NOTICES

$US25,000,000
COMPAGNIE NATIONALE DU RHONE
10% LOAN 1975-1982

Redemptions due on 1st February 1979 for which $US1,250,000 is provided has been made on 11th December 1978 by drawing of lots in the presence of a Notary.

Bond Numbers Drawn
11831-13080 inclusive

After 1st February 1979 $US20,000,000 will remain in issue.

The bonds which have been drawn will cease to bear interest on 1st February 1979. Bonds presented for repayment must be complete with coupons for 1st February 1980 and following attached and will be payable in accordance with the conditions shown on the bonds.

BOND NUMBERS REPAYABLE AND NOT YET PRESENTED FOR PAYMENT
REPAYMENT of 1st February 1978
2968/2971, 2983, 2985

The Fiscal Agent
BANQUE DE PARIS ET DES PAYS-BAS, POUR LE GRAND-DUCHE DE LUXEMBOURG

60,000,000
EUROPEAN COMPOSITE UNITS
EUROPEAN INVESTMENT BANK

8% BONDS OF 1974 DUE 1989

NOTICE IS HEREBY GIVEN to Bondholders that in accordance with the terms and conditions of the above Bonds, the European Investment Bank has selected the Deutsche Mark as the currency to be utilised in respect of the payment of the interest due on January 18, 1979.

Any holder may, however, and following prescribed procedure, select not less than 15 days prior to the above-mentioned date, another currency of payment from among the possible currencies.

EUROPEAN INVESTMENT BANK

LONDON AND LIVERPOOL TRUST LIMITED

NOTICE IS HEREBY GIVEN that the register of the Ordinary Shares will be closed from 15th to 29th January, 1979, inclusive.

By Order of the Board.
J. TODD, Secretary.

Equities stage small rally despite underlying caution

30-share index hardens 2.1 to 476.1—Golds move up

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Nov. 27	Dec. 7	Dec. 8	Dec. 19
Dec. 11	Dec. 28	Dec. 29	Jan. 9
Jan. 2	Jan. 11	Jan. 12	Jan. 23

* "New time" dealings may take place from 9.30 am two business days earlier.

Although equity markets finally managed a small recovery yesterday, the underlying tone remained cautious and the modest improvement in leading issues reflected mainly the absence of a repetition of the selling which accompanied the previous day's setback in the dollar; the latter was slightly lower but steadier yesterday because of official intervention.

Political uncertainties and the possibility of a fresh outbreak of labour unrest remained very much in the foreground and genuine buyers were still showing a marked disposition to hang fire. Continuing fears of higher U.S. interest rates prompted fresh dullness in short-dated gilt-edged securities but the longer-dated issues tended a little better.

Leading equities were marked down a few pence initially as a *precaution against fresh selling* in the wake of the sharp overnight setback on Wall Street, but when this failed to materialise, prices gradually recovered and final quotations finished two or three pence firmer on balance. Down 1.7 at its lowest of the day at 10 a.m., the FT 30-Share Index recovered to close with a net improvement of 2.1 at 476.1. Once again, the volume of trade was extremely low, official markings of 3,403 comparing with 3,398 on Monday.

South African Gold shares made useful progress following overnight demand from the U.S. and a fresh early improvement in the price of bullion. The Gold Mines index rose 6.5 more to 140.2 for a two-day rise of 9.5.

British Funds of a shorter maturity continued to reflect concern about U.S. interest rates and operators fully expected Prime Rate increases to be announced soon. Although the losses were relatively modest, sizeable potential sellers were in the background and this inhibited investment demand. The two Variable issues were the exceptions, a fair interest raising the 1982 stock $\frac{3}{32}$ to 95¼ and the 1981 maturity ¼ to 96$\frac{7}{32}$. Mediums and longs were virtually untested but closed marginally firmer on the day.

Encouraged by the further improvement in East/West relations, buyers continued to inquire for Chinese bonds which, following Press comment, recorded gains extending to four points; both **China Boxer** and **China 1913 English** rose that much to the common price of £17.

Following the Government's clarification of the Irish/EMS exchange control position, the investment currency premium moved higher, touching 80 per cent in active trading on good institutional support before closing 3⅝ up on balance at 79⅝ per cent. Yesterday's SE conversion factor was 0.7220 (0.7367).

Interest in Traded Options remained sparse with only 331 contracts completed, compared with the previous day's 378 and last week's daily average of 403.

ANZ up

Australian banks closed firmer for choice on a combination of domestic and investment currency influences. Following publication of the annual report and accounts, **ANZ** gained 12 to 312p, while improvements of 7 and 8 respectively were recorded in **Bank of New South Wales**, 270p, and **Commercial Bank of Australia**, 195p. Home banks edged higher in thin trading. **Barclays** hardened 3 to 365p and **Midland** improved 2 to 358p. In the wake of the Government's decision not to impose exchange controls on Irish capital transactions, Irish issues held steady to firm. **Allied Irish** put on 2 more to 202p. Discounts were friendless and ended with losses ranging to 10. **Allen Harvey and Ross**, 325p and *Seccombe Marshall and Campion*, 200p, both reacted that much, *while* **Union** *declined 7 to 310p.*

Slightly firmer conditions returned to Insurances although the volume of business again left much to be desired.

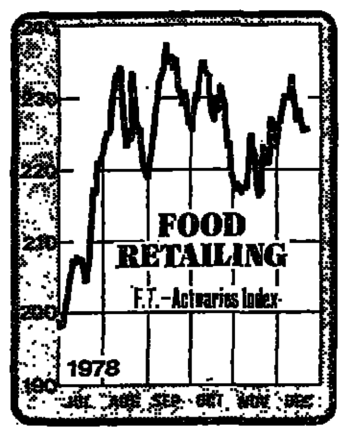
Leading Breweries closed quietly firm. **Bass Charrington** *hardened a penny to 172p after* Press mention, while **Scottish and Newcastle** encountered a good two-way trade ahead of today's half-timer and held at 63p. Among Distillery issues, fading bid hopes prompted profit-taking in **Matthew Clark**, which reacted 5 to 149p.

A. Monk provided a weak feature in Buildings, falling 5½ to 85p on consideration of the chairman's revised thoughts about the full-year outcome. Elsewhere, publication of the full report left **M. J. Gleeson** 2 cheaper at 35p. In contrast, rare bright spots included **Rowlinson**, which *improved 1½ to 26½p, and Erith,* a couple of pence better at 106p.

ICI were slightly cheaper at 364p, but **Fisons** recovered from the year's low of 300p to close a penny better on balance at 303p. Among other Chemicals, the good interim profits and chairman's confident remarks about current trading lifted **Plysu** 3 to 109p, while in a thin market, **William Ranson** put on 5 to 295p, **Allied Colloids** encountered late interest at 72½p, up 2½.

Business in Stores was minimal and a mixed trend was *evident at the close. The absence* of any developments in the bid situation continued to depress **MFI Furniture** which lost a further 4 to 164p. **House of Lerose**, however, added 3 at 63p and **Grattan** put on 2 to 91p.

Apart from **GEC**, which softened a penny to 327p, the *Electrical leaders made modest* progress. **Thorn** put on 4 at 360p, **BICC** 2 at 127p and **Plessey** a penny at 109p. Elsewhere, **Laurence Scott** cheapened a penny to a 1978 low of 87p following the interim profits setback. **Racal Electronics** added 4 at 340p and **Phillips Lamps** rose 20 to 810p, the latter helped by investment currency considerations.



News of the slump in annual profits and final dividend *omission prompted marked weakness in* **Record Ridgway**, which dipped to 47½p before recovering a little to settle at 52p for a fall of 20p on the day. Elsewhere, in the Engineering sector, **Christy Bros.**, down 6 at 43p, reflected the second-half profits warning, but satisfactory interim results left **Cooper Industries** a penny firmer at 20½p. **Adwest** became a better market and regained 4 to 290p, while other modest improvements included **Birmingham Mint**, 128p, and **Charles Clifford**, 114p, both 3 higher. Leading issues made an uncertain start, but gradually edged higher. **Hawker Siddeley** firmed 6 to 224p and **Tubes** put on a like amount to 376p.

Publicity given to a broker's circular prompted modest gains in selected Foods and **Tate and Lyle** rose 5 to 185p. **Associated Dairies**, in its new form including *Allied Retailers, opened* at 194p and progressed to 198p on interim profits which surpassed the figure forecast in the Allied Retailers' offer document. Elsewhere, the annual results left **Northern Foods** a couple of pence easier at 97p, but the return to profit at the half-way stage lifted **FMC** to 76p initially before the close of 73½p, just ½ up on balance. The Board's confident statement on current trading attracted buyers to **Avana**, which improved 2 to 70½p. **William Morrison** firmed 3½ to 97½p, but lack of support left **Cullens** issues easier with the Ordinary and A 6 cheaper at the common price of 126p.

Sotheby's easier

Secondary issues provided the focal points in miscellaneous Industrials. Although the annual *profits were highly satisfactory,* **Sotheby's** lost 8 to 330p, after 328p, on disappointment that the figures were not accompanied by share-slimming proposals. **ICL** declined 8 to 436p following the announcement that the group's recently awarded £13m UK Atomic Energy Authority order for computers could fall foul of the new U.S. non-Proliferation Act. A sharp increase in annual earnings and a proposed 25 per cent scrip-issue helped **Granada A** advance 4 to 127p, while increased interim profits prompted an improvement of 2 to 19p in **Diamond Stylus**. **Wood and Sons** *found support* at 46p, up 4, while rises of 6 and 20 respectively were recorded in overseas *concerns.* **Barlow Rand**, 216p, and **Broken Hill Proprietary**, 690p. **S. Leboff Fobel** cheapened 2 to 39½p on the disappointing *first-half profits,* while small selling in an unwilling market brought about a loss of 6 to 40p *in* **Anglo-American Asphalt**. *The* leaders took a firmer stance but business was again small. **Beecham** picked up 5 at 617p and **Unilever** regained 4 at 540p. Particularly dull the previous day on worries about their overseas earnings in the light of the weakening dollar, **Metal Box**, *302p, and* **Reckitt and Colman**, 453p, retrieved 4 and 3 respectively.

Northern interest was reported when unofficial dealings began yesterday in **Manchester United Football Club** new nil-paid shares resulting from the unusual 208-for-one rights issue and the close was £4 premium.

A quiet Motor sector was featured by **Wilmot Breeden**, which rose 3½ to a 1978 peak of 83½p on rumours that a statement concerning the talks with Rockwell International may come later this week. Elsewhere, a near-50 per cent increase in taxable profits had little apparent effect on **Plaxtons (Scarborough)**, which closed unchanged at 117p.

Leading Properties remained extremely quiet and rarely strayed from their overnight levels. Secondary issues, however, again provided *several* firm spots; the increased interim profits and the board's confident statement on dividends left **County and District** 2 firmer at a 1978 peak of 128p, while satisfactory annual results lifted **Reliable Properties** 4 to 50p, after 53p. **Centrovincial** issues continued firmly, *the ordinary* and capital shares adding 3 and 2 at 92p and 88p respectively in further response to the £13.9m sale of the AMA building in New York.

BP steady

Oils remained extremely quiet and hovered *either side of their* overnight levels. **British Petroleum** were finally unaltered at 920p and **Shell** were a penny harder at 577p. The improvement in the investment dollar premium assisted **Royal Dutch**, which added a point at £40¾.

A dull Trusts sector had little to commend it. Most issues drifted slightly easier and **Jersey External** closed 3 off at 160p, while **Clydesdale** lost 4 to 70p.

An uneventful business left Shippings a shade cheaper. **Furness Withy** shed a couple of pence to 238p and **Lofs** a penny to 38½p. **P & O Deferred** however, were a penny firmer at 83p.

Textiles generally finished around their overnight levels following another idle trade. Irish concern **Youghal Carpets** added 2 at 33p, while **David Dixon** hardened a like amount at 112p after confirmation of recent sizeable placings. **Carpets International**, on the other hand, *dropped 3½ to 56p on the efforts* of a single seller.

Guthrie, at 323p, recovered 3 of the previous day's fall of 7, but other Plantations were quietly dull. **Castlefield** gave up 5 at 230p, while **Kuala Lumpur Kepong** eased 2 to 65p.

Good gains in Golds

A further weakening of the dollar *following the decision to* increase oil prices coupled with hopes of a satisfactory outcome to yesterday's U.S. Treasury auction of 1.5m ounces of gold prompted a fairly substantial demand for South African Golds for the second day running.

The Gold Mines index rose 6.5 more to 140.2, while the ex-premium index put on 2.7 to 101.2.

The share market got off to a firm start following a good overnight American demand and continued to move ahead as the bullion price tounched $221.50 in early trading.

However, as the latter began to ease on profit-taking prior to closing $3.625 up at $216.50 per ounce share prices moved similarly although they were still showing good gains at the close.

Among the heavyweights rises extended to £1½ in **West Driefontein**, £21⅞, while improvements of a point were common to **Randfontein**, £27½, **Free State Geduld**, £13½ and **Western Holdings**, £15½. In the cheaper priced issues **Kloof** advanced 23 to 498p, **Southvaal** a similar amount to 431p and **Bracken** 5½ to 70p.

South African Financials mirrored Golds. **De Beers** rose 8 to 364p in response to persistent Cape interest; the buying was attributed to talk of a bumper 1978 Central Selling Organisation diamond sales figure due to be announced in January.

Anglo American climbed 10 to 296p, **UC Investments** 8 to 206p and **Union Corporation** 6 to 246p.

Although overnight domestic markets made little headway Australians moved ahead here owing to modest London support and the firmer premium.

Diamond exploration issues recovered after Monday's setback with **Conzinc Riotinto**, 8 up at 268. **Northern Mining** 5 better *at 72p and* **Ashton** *10 firmer* at 72p. Base-metal producers showed **Western Mining** 5 to the good at 133p.

Elsewhere, **Sabina Industries** hardened 2 to 42p following news of the discovery of a small but high-grade silver-lead-zinc sulphide zone with a 400 feet strike length at the South Bathurst Joint Venture in New Brunswick.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec. 19	Jan. 8	Mar. 22	Apr. 3
Jan. 9	Jan. 22	Apr. 5	Apr. 18
Jan. 23	Feb. 5	Apr. 19	May 1

For rate indications see end of Share Information Service

Stocks to attract money for the call included **English Property**, **Tesco**, **U.D.T.**, **Lonrho**, **John Brown**, **Westland Aircraft**, **Talbex**, **Burmah Oil**, **Wit. Nigel** and **Woolworth**. No puts or doubles were reported.

FINANCIAL TIMES STOCK INDICES

—	Dec. 19	Dec. 18	Dec. 15	Dec. 14	Dec. 13	Dec. 12	A year ago
Government Secs.	68.60	68.56	68.80	68.60	68.72	68.88	77.68
Fixed Interest	70.09	70.11	70.17	70.05	70.11	70.24	80.03
Industrial	476.1	474.0	481.0	477.9	480.7	485.4	479.6
Gold Mines	140.2	133.7	130.7	131.9	133.9	135.5	189.8
Gold Mines(Ex-$ pm)	101.2	98.5	96.8	96.7	97.4	98.6	98.9
Ord. Div. Yield	6.05	6.08	6.00	6.03	6.00	5.95	5.57
Earnings, Y'ld % (full)	15.99	16.07	15.86	15.92	15.85	15.70	16.98
P/E Ratio (net) (*)	8.12	8.08	8.19	8.15	8.10	8.27	8.40
Dealings marked	3,403	3,398	3,520	3,944	4,170	4,102	4,001
Equity turnover £m.	—	55.39	61.10	60.10	72.22	56.17	67.47
Equity bargains total	—	13,019	12,641	13,869	14,659	14,664	10,676

10 am 472.3. 11 am 473.4. Noon 474.8. 1 pm 475.0. 2 pm 475.1. 3 pm 475.4.

Latest index 01-236 8026.

* Nil=7.82.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Mines 12/9/55. Ex-$ pm. index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (3/1)	67.92 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	81.27 (9/1)	69.30 (13/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	184.1 (29/11)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 (14/8)	90.3 (18/4)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	Dec. 19	Dec. 18
—Daily		
Gilt Edged	115.2	147.7
Industrials	114.1	110.6
Speculative	30.6	21.7
Totals	77.5	77.3
5-day Av'ge		
Gilt Edged	136.9	142.8
Industrials	126.7	132.6
Speculative	24.9	24.5
Totals	83.9	87.1

NEW HIGHS AND LOWS FOR 1978

The following securities quoted by the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (16)

CHEMICALS (2)
Plysu · Ransom (Wm.)

ENGINEERING (1)
Baker Perkins

FOODS (1)
Clifford's Dairies

INDUSTRIALS (6)
Caplan Profile · Diamond Stylus
Christies Intnl. · Long and Hambly
Crosby Spring · Phillips Patents

MOTORS (1)
Wilmot-Breeden

PROPERTY (3)
Centrovincial · Hartley Ind. Trust
County and District

TEXTILES (2)
Dixon (D.) · Leigh Mills

NEW LOWS (20)

CORPORATION LOANS (2)
LCC 5½pc 1982-84 · LCC 6¼pc 1988-90

FOREIGN BONDS (2)
Ireland 7½pc '81-83 · Ireland 9¾pc '91-96

AMERICANS (2)
Brunswick Corp. · Zapata Corp.

CHEMICALS (1)
Fisons

ELECTRICALS (1)
Laurence Scott

ENGINEERING (2)
Moss Engineering · Record Ridgway

FOODS (2)
Barrow Milling · Linfood

INDUSTRIALS (6)
Anglo-Am. Asphalt · Leboff (Fobel)
Fertleman (B.) · Liden
Franklin Mint · Monsanto 5pc '82-86

TRUSTS (1)
Doloswella

TEAS (1)
Assam Frontier

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	45	20	18
Cpn. Dom. and Foreign Bonds	2	12	47
Industrials	211	275	1,043
Financial and Prop.	53	179	289
Oils	6	3	28
Plantation	3	8	21
Mines	82	13	45
Recent Issues	7	4	22
Totals	409	514	1,499

RISES AND FALLS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Metal Box 'New'	Nil/pd.	8	52pm	+ 4	70pm	48pm
BAT Inds.	25p	7	283	—	346	260
Coral Leisure	10p	7	107	+ 1	144	93
EMI	50p	7	138	—	190	130
GEC	25p	7	327	− 1	349	233
BP	£1	6	920	—	954	720
RTZ	25p	6	226	− 3	263	164
Beecham	25p	5	617	+ 5	726	581
Burmah Oil	£1	5	83	+ 1	89	42
Commercial Union	25p	5	146	+ 2	164	132
Glaxo	50p	5	525	—	648	515
ICI	£1	5	364	− 1	421	328
Marks & Spencer	25p	5	83	—	94	67½
P & O Defd.	£1	5	83	− 1	118	76½
Rank Org.	25p	5	240	—	296	226

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LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	950	9	2	39	—	61	—	918p
Com Union	140	8	4	12	5	18	—	147p
Com Union	160	1½	—	4	5	8	—	"
Cons Gold	160	18	—	28	10	29	—	176p
Cons Gold	180	4	10	13	10	16	—	"
Cons Gold	200	1	—	5	1	8½	—	"
Courtaulds	120	4½	9	9	—	11½	—	118p
Courtaulds	130	1	25	5	—	7	—	"
GEC	280	50	5	61	—	—	—	327p
GEC	300	32	8	45	10	58	—	"
GEC	360	2	26	11½	10	25	—	"
Grand Met.	100	12½	32	16	1	20	—	112p
Grand Met.	110	4½	59	8½	—	11	—	"
Grand Met.	120	1	10	4	14	6½	—	"
ICI	330	40	—	45	5	—	—	365p
ICI	360	14	18	23	7	37	—	"
ICI	420	¾	—	3½	17	10	—	"
Marks & Sp	80	5½	10	10	—	12½	—	83p
Marks & Sp	90	1½	6	4½	—	8	—	"
Totals			204		95		—	
		February		May		August		
Boots	180	17	7	25	—	28	—	192p
EMI	*140*	*7½*	*15*	*13*	—	18	—	*136p*
EMI	160	1½	10	5	—	10	—	"
Totals			32		—		—	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
42½	F.P.	24/11	48	43	Arncliffe Hldgs.	43	−1	u3.55	2.4	4.7	6.9
A$0.50	F.P.	—	78	61	Ashton Mining 50c	72	+10	—	—	—	—
A$125	F.P.	—	106	100	††Aust. Farming A$1.	100	......	—	—	—	—
155	F.P.	10/1	176	171	HarrisQueensw'y 20p	173	−3	t7.8	3.1	6.7	7.2
29	F.P.	5/1	31	31	Kitchen Queen 10p	29	−½	b1.34	3.4	6.9	4.8
110	F.P.	—	125	115	Mill'ttsL's'reShps20p	125	+3	bd5.7	1.8	6.9	12.0

FIXED INTEREST STOCKS

Issue Price	Am'unt Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
£99¾	F.P.	—	99¾	99½	Anglesey Variable 1983	99¾	......
¶¶	F.P.	—	109p	109p	Assoc. Dairies 9¾% Pref	109p	......
¶	£10	26/1	13	11¾	Colne Valley Water 8% Red Prf. 1983	13	......
‖£1	F.P.	10/11	120	101	Crosby House 10% Conv '87-90	120	......
‖100p	Nil	28/12	½pm	¼pm	Findlay 8% Cnv. Cum. Red. Prf.	¼pm	......
‖100p	Nil	5/1	6pm	2pm	Hawley-Goodall 12% Cnv. Uns. Ln. '86-88	6pm	......
£1	F.P.	22/12	99p	98p	Newman Inds. 10¼% Acc. Pref.	98p	......
¶	£10	—	13¼	13	Mid Kent Water 8% Pref. 1984	13¼	......
£97½	F.P.	25/1	97	96½	Rickm'sw'th & Uxbridge Water 7% 1985	96¾	......
97p	F.P.	5/1	99p	98p	Seascope 10¼% Pref.	99p	......

"RIGHTS" OFFERS

Issue Price p:	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing price p:	+ or −
560	F.P.	8/12	12/1	645	568	Beecham	617	−1
17	F.P.	15/12	26/1	20¼	19½	Boulton (Wm.)	19½	......
350	F.P.	5/12	21/12	414	372	Brown (J.)	374	+2
67	F.P.	29/11	5/1	77	71	Capper-Neill	72	......
105	F.P.	15/12	12/1	113	107	Clifford (Chas.)	112	......
93	F.P.	15/12	12/1	114	101	Dixon (D.)	114	+4
45	*Nil*	*3/1*	*9/2*	*3pm*	*2pm*	*Foster (John)*	*2½ pm*	......
130	F.P.	8/12	12/1	147	140	Hoskins & Horton	145	......
210	Nil	—	—	32pm	32pm	Lep Group	32pm	......
125	F.P.	15/12	12/1	161	15	M. L. Holdings	155	+2
260	Nil	3/1	9/2	70pm	48pm	Metal Box	52pm	+4
55	Nil	—	—	13pm	12pm	Milbury	12pm	......
185	F.P.	18/12	10/1	250	210	Stothert & Pitt	225	......
62	F.P.	18/12	15/1	76	67	Tern Consulate	73	......
228	Nil	—	—	8pm	6pm	York Fine Woollen	6⅛ pm	+⅛

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

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These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

No.	Group	Tues., Dec. 19, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon., Dec. 18 Index No.	Fri., Dec. 15 Index No.	Thur., Dec. 14 Index No.	Wed., Dec. 13 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	233.22	+0.2	17.15	5.57	7.99	232.77	236.17	235.30	236.54	205.10
2	Building Materials (27)	203.88	+0.3	18.42	6.33	7.47	203.34	205.58	204.24	205.15	187.22
3	Contracting, Construction (28)	362.95	−0.2	20.94	4.47	6.86	363.77	370.21	368.84	372.49	328.97
4	Electricals (15)	546.91	−0.1	13.70	3.47	10.04	547.66	558.19	556.73	558.58	458.03
5	Engineering Contractors (14)	358.21	−0.5	18.20	6.02	7.47	359.89	364.90	365.07	366.63	289.96
6	Mechanical Engineering (72)	182.15	+0.7	18.51	6.16	7.21	180.85	183.28	182.86	184.11	158.76
8	Metals and Metal Forming (16)	161.53	+0.3	16.92	8.85	8.21	161.03	162.47	161.27	161.99	159.04
11	CONSUMER GOODS (DURABLE) (53)	208.30	+0.5	16.92	5.15	7.89	207.28	210.18	209.86	210.65	190.06
12	Lt. Electronics, Radio, TV (16)	262.10	+0.8	14.22	3.92	9.86	259.93	264.78	264.63	266.38	227.85
13	Household Goods (12)	167.32	−0.2	18.05	6.82	7.60	167.65	168.58	169.06	169.21	180.15
14	Motors and Distributors (25)	121.25	+0.1	21.40	6.94	5.86	121.19	122.12	121.61	122.34	115.41
21	CONSUMER GOODS (NON-DURABLE) (171)	208.04	+0.2	16.31	6.12	8.17	207.71	210.47	209.47	209.79	200.56
22	Breweries (14)	231.73	+0.1	15.80	6.48	7.96	231.44	233.42	232.51	232.04	226.97
23	Wines and Spirits (6)	284.81	+0.4	16.31	5.23	9.00	283.70	288.34	287.14	282.64	243.59
24	Entertainment, Catering (17)	268.68	+0.1	13.80	6.55	10.57	268.53	271.23	269.20	272.04	250.58
25	Food Manufacturing (19)	201.65	+0.5	18.84	5.58	7.06	200.69	203.06	201.81	202.69	199.71
26	Food Retailing (15)	225.80	+0.3	13.62	5.22	10.27	225.21	228.08	227.05	226.71	207.05
32	Newspapers, Publishing (12)	369.76	−0.3	21.75	6.57	6.49	370.83	376.31	377.54	378.23	336.25
33	Packaging and Paper (15)	130.58	+0.3	19.52	8.06	6.68	130.17	132.25	131.42	132.12	126.97
34	Stores (40)	192.87	−0.1	12.29	4.93	11.71	192.98	196.00	195.14	195.36	193.05
35	Textiles (24)	180.11	+0.3	17.80	8.10	7.27	179.52	182.81	181.46	182.38	170.08
36	Tobaccos (3)	234.10	—	23.70	8.82	4.99	234.01	236.59	236.00	236.50	222.39
37	Toys and Games (6)	92.25	—	23.93	7.01	4.93	92.25	92.78	93.99	93.45	99.76
41	OTHER GROUPS (99)	194.87	—	16.07	6.38	7.99	194.86	196.77	195.85	196.51	192.65
42	Chemicals (19)	276.99	−0.2	16.51	6.83	7.88	277.50	280.79	279.20	279.96	261.77
43	Pharmaceutical Products (7)	243.46	+0.6	11.40	4.78	10.63	242.11	243.80	242.60	243.08	0.00
44	Office Equipment (6)	125.92	−0.1	19.30	6.13	6.18	126.06	128.07	128.17	129.35	123.77
45	Shipping (10)	406.52	−0.2	14.88	7.48	8.53	407.19	412.13	408.91	407.88	461.95
46	Miscellaneous (57)	211.32	−0.1	18.14	6.77	7.28	211.54	213.19	212.35	213.35	201.95
49	INDUSTRIAL GROUP (495)	217.81	+0.2	16.51	5.97	8.06	217.48	220.27	219.34	220.02	205.88
51	Oils (5)	515.48	+0.1	13.56	3.90	8.01	515.08	518.61	516.95	517.02	477.30
59	500 SHARE INDEX	242.45	+0.1	16.05	5.65	8.05	242.11	244.99	244.00	244.64	228.33
61	FINANCIAL GROUP (100)	168.49	+0.4	—	5.85	—	167.86	169.93	168.22	168.47	169.96
62	Banks (6)	197.14	+0.6	23.90	5.98	6.27	195.97	200.42	197.64	196.48	194.99
63	Discount Houses (10)	212.08	−1.7	—	8.34	—	215.77	215.65	216.92	218.28	224.28
64	Hire Purchase (5)	164.95	+0.2	14.77	5.17	8.94	164.66	165.81	156.00	155.26	168.31
65	Insurance (Life) (10)	134.99	+0.9	—	6.96	—	133.79	135.31	133.91	135.35	138.36
66	Insurance (Composite) (7)	122.82	+0.7	—	7.14	—	122.01	124.06	122.64	123.13	135.09
67	Insurance Brokers (10)	311.06	−0.1	15.37	5.41	9.28	311.32	313.17	312.29	313.78	334.41
68	Merchant Banks (14)	77.57	−0.2	—	6.32	—	77.71	77.99	77.92	78.34	81.67
69	Property (31)	266.76	−0.1	3.73	3.05	43.72	267.08	267.27	266.02	266.30	237.27
70	Miscellaneous (7)	112.09	+0.3	22.57	7.58	5.73	111.72	111.56	111.56	112.46	105.72
71	Investment Trusts (50)	202.52	−0.7	—	5.20	—	203.93	206.75	207.25	208.67	203.92
81	*Mining Finance (4)*	*101.00*	−2.5	18.61	7.05	6.62	*102.57*	*103.41*	*103.05*	*102.72*	88.78
91	Overseas Traders (19)	295.25	−0.5	16.63	7.94	7.54	296.65	298.13	298.13	300.28	280.39
99	ALL-SHARE INDEX (673)	221.93	+0.1	—	5.74	—	221.71	224.33	223.28	223.87	211.89

FIXED INTEREST PRICE INDICES

	British Government	Tues., Dec. 19	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	102.70	−0.06	—	9.19
2	5-15 years	110.69	+0.15	—	10.87
3	Over 15 years	115.47	+0.17	0.40	14.37
4	Irredeemables	122.76	—	—	13.54
5	All stocks	109.15	+0.07	0.14	11.53

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Tues., Dec. 19	Mon., Dec. 18	Year ago (approx.)
1	Low	5 years	9.71	9.71	7.11
2	Coupons	15 years	11.42	11.45	9.25
3		25 years	12.19	12.22	9.91
4	Medium	5 years	12.68	12.67	9.43
5	Coupons	15 years	12.71	12.72	10.36
6		25 years	12.71	12.72	10.53
7	High	5 years	12.72	12.70	10.08
8	Coupons	15 years	13.27	13.29	11.25
9		25 years	13.29	13.30	11.31
10	Irredeemables		11.98	11.98	10.00

		Tues. Dec. 19 Index No.	Tues. Dec. 19 Yield %	Mon. Dec. 18	Fri. Dec. 15	Thurs. Dec. 14	Wed. Dec. 13	Tues. Dec. 12	Mon. Dec. 11	Fri. Dec. 8	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	55.16	‡13.45	55.13	55.13	55.09	55.09	55.09	55.08	55.08	62.04
16	Investment Trust Prefs. (15)	50.96	13.72	50.96	50.96	50.96	50.91	50.87	51.13	51.13	56.18
17	Coml. and Indl. Prefs. (20)	72.42	12.94	72.42	72.42	72.41	72.58	72.17	71.56	71.93	76.76

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	65.9	69.3	.....	4.39

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	22.7	24.4	.....	2.14
Accum. Units	26.9	28.9	.....	2.14
J. Finlay Income	35.9	38.6	.....	8.01
J. Finlay Euro. Fin.	26.4	28.4	.....	3.37
Accum. Units	31.3	33.6	.....	3.37
J. Finlay Fd. In. Tst	27.6	29.6	.....	4.28
Accum. Units	32.1	34.5	.....	4.28

Prices Dec. 13. Next dealing Dec. 20.

Do. Accum	75.5	82.5	+0.1	5.7
Growth	34.9	37.6	−0.2	3.7
Do. Accum.	37.8	40.7	−0.2	3.7
Capital	25.4	27.4	.....	4.6
Do. Accum.	27.7	29.8	.....	4.6
Income	51.5	55.5	−0.2	7.1
Do. Accum.	60.1	64.7	−0.3	7.1
International	40.3	43.4	−0.1	3.7
Do. Accum.	43.4	46.8	−0.1	3.7
High Yield	62.4	67.2	−0.3	8.6
Do. Accum.	68.2	73.4	−0.2	8.6
Equity Exempt*	106.1	112.0	.....	5.6
Do. Accum.*	106.1	112.0	.....	5.6
Japan & Pacific	45.8	48.8	+0.3	0.9
Do. Accum.	45.8	48.8	+0.3	0.9

*Prices at Dec. 15. Next dealing Dec. 22.

CORAL INDEX: Close 474-479

INSURANCE BASE RATES

†Property Growth	11¼%
†Vanbrugh Guaranteed	10.75%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$296.41	.....	2.30
Jardine J'pn Fd.*	HK$400.90	.....	0.90
Jardine S.E.A.	HK$16.40	.....	2.10
Jardine Flem Int.	HK$11.63	.....	—
Intl. Pac. Secs. (Inc.)	HK$13.31	.....	—
Do. (Accum.)	HK$13.44	.....	—

NAV Nov. 30. *Equivalent $US83.32. Next sub. day December 29.

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. C1 0534 73741

CMF Ltd. Nov. 30	$US13.56	13.90	.....	—
CMT Ltd. Nov. 30	£13.67	14.02	.....	—
Metals Tst. Nov. 16	£12.73	13.04	.....	—
TMT Dec. 18	US$10.39	10.66	.....	—
TMT Ltd. Dec. 18	£10.28	10.55	.....	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$US14.73	−0.03	—

NOTES

Prices do not include $ premium, except where indicated ♀, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

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FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly...	23½	......	—	—
41	33	Do. 5pc Pref	39nd	......	—	—
98	98	Chilean Mixed....	98	......	—	13.10
415	350	German Yng 4½pc.	415	......	4½	—
54	46	Greek 7pc Ass	50	......	3½	17.20
51	46	Do 6pc 28 Stab Ass..	49	......	6	16.24
44	40	Do 4pc Mixed Ass...	40	......	4	15.13

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
55	42	Hung. '24 Ass.....	47½	......	4½	16.01
77	65	Iceland 6½pc '83-88	68xd	......		12.80
88	80	Ireland 7½pc '81-83.	80xd	-½	7½	13.36
91	76¾	Do 9⅞pc '91-96 .	76½	-½		13.70
425	265	Japan 4pc '10 Ass	355xd	......		—
87	67	Do 6pc '83-88 ...	67	......	6	12.20
160	140	Peru Ass. 3pc......	140	......	3	2.16
75p	75p	S.G.I. 6½pc 1980	75p	......	6½	8.67
$99	$94½	Turin 9pc 1991 ...	$94½	......	9	9.53
DM91	DM81	Turin 6½pc 1984.	DM91	......	6½	8.45
97	94	Uruguay 3½pc	95	......	3½	4.00

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 38⅝% (based on US$2.0130 per £)
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S.E. List Premium 38⅛% (based on $2.3922 per £)

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AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
15	9	Aemex 25c	10	......	—	—	—
140	64	Bougainville 50 Toea	125	+4	†Q8c	1.4	4.0
131	63	BH South 50c	114	+2	—	—	—
820	150	Central Pacific	360	......	—	—	—
336	148	Conzinc Riotinto 50c	268	+8	‡Q10c	2.2	‡
27	9½	Endeavour 20c	18½	......	—	—	—
75	45	G M. Kalgoorlie $1	58	+6	—	—	—
68	18	Haoma Gold N.L.	30	+2	—	—	—
158	81	Hampin Areas 5p	152	+2	♦3.55	2.0	3.5
40	10	Metals Ex. 50c	25½	+½	—	—	—
223	125	M.I.M. Hldgs. 50c	188	......	Q9c	1.7	3.0
22	10	Minefields Expl.	15	......	—	—	—
40	10	Mount Lyell 25c	34	......	—	—	—
7	1½	Newmetal 10c	5½	......	—	—	—
143	79	North B. Hill 50c	104	+3	Q8c	1.3	4.7
16½	8½	Nth. Kalgurli	11	......	—	—	—
50	12	Nth. West Mining	24	......	—	—	—
178	115	Oakbridge SA1	127	+1	Q12c	1.9	10.7
42	10	††Oilmin N.L.	22	......	—	—	—
70	30	Pacific Copper	60	−3	—	—	—
£15½	725	Pancont 125c	775	+50	—	—	—
40	12	Paringa M&Ex. 5p	18	...	—	—	—
570	310	Peko-Wallsend 50c	420	+10	Q15c	ϕ	2.2
300	50	Southern Pacific	155	−5	—	—	—
164	84	Westn. Mining 50c	133	+5	Q3c	0.7	1.4
100	35	Whim Creek 20c	55	−5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	24	......	2.81	1.3	17.4
420	240	Ayer Hitam SM1	305	......	Q300c	0.5	21.1
60	45	Beralt Tin	56	+1	4.0	ϕ	11.2
305	190	Berjuntai SM1	205	+5	Q110c	1.0	11.5
185	111	Geevor	155	......	H5.57	5.8	5.4
11	8½	Gold & Base 12½p	10	......	—	—	—
350	220	Gopeng Cons.	295	......	†15.36	0.9	7.7
320	130	Hongkong	312xd	......	12.5	ϕ	6.0
93	70	Idris 10p	73	+3	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	......	—	—	—
84	63	Kamunting SM0.50	64xd	+1	†Q12.5c	2.1	4.2
640	450	Killinghall	620	......	Q28.36	ϕ	23.7
470	280	Malay Dredging SM1	355	+5	Q175c	0.7	10.6
78	40	ΔPahang	43	+1	—	—	—
78	50	Pengkalen 10p	60	......	6.60	1.3	16.4
270	165	Petaling SM1	210xd	+5	Q120c	ϕ	12.3
87	49	Saint Piran	79	......	†2.03	6.5	3.9
70	47	South Crofty 10p	59	......	†4.19	2.0	10.9
245	140	South Kinta SM0.50	165	−5	sQ145c	0.6	18.9
340	230	Sthn Malayan SM1	265	−5	Q190c	1.0	15.4
240	134	Sungei Besi SM1	210xd	+10	mQ65c	5.3	6.6
85	55	Supreme Corp SM1	65	+5	ZQ10c	—	3.3
103	84	Tanjong 15p	103	......	6.60	0.8	9.6
100	74	Tongkah Hrbr. SM1	85	......	Q35c	0.7	9.4
270	148	Tronoh SM1	195	......	‡Q88c	1.6	‡

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	56	......	—	—	—

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
68	35	Barymin	54	+2	—	—	—
17	9	Burma Mines 17½p	12	......	—	—	—
300	170	Cons. Murch 10c	170	......	‡Q30c	2.6	‡
465	245	Northgate C$1	350	+5	—	—	—
263	164	R.T.Z.	226	−3	9.5	2.8	6.3
90	30	Sabina Inds. C$1	42	+2	—	—	—
£12	687	Tara Exptn. $1	700	......	—	—	—
165	120	Yukon Cons. C$1	170	......	Q7c	2.9	2.0

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$15¼	$10¼	Buffels R1	$11⅞	+¼	Q170c	1.8	17.2
$11¾	830c	East Drie R1	960c	+40	†Q78c	1.7	9.4
585c	350c	East Rand Prp. R1	385c	......	—	—	—
$28⅜	$16½	F.S. Geduld 50c	$19¾	+1	Q315c	ϕ	18.4
$15⅛	975c	Pres. Brand 50c	$11⅝	+⅜	Q150c	ϕ	14.9
$13⅛	900c	St. Helena R1	$10½	+¼	Q190c	ϕ	20.9
465c	313c	Stilfontein 50c	465c	+20	†Q22c	2.3	5.5
$18⅝	$16¼	Vaal Reefs 50c	$18⅝	+⅝	Q115c	3.3	7.1
$37	$25	West Drie R1	$31⅝	+1¼	Q385c	1.7	14.0
$31¼	$19	West Hldgs. 50c	$22½	+¼	Q415c	ϕ	21.3
$12½	895c	Western Deep R2	$10½	+¼	Q82.5c	2.4	9.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ *Merger bid or reorganisation in progress.*
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ *Regional price.*
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

" Recent Issues " and " Rights " Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......
Ash Spinning	67	......
Bertam	15	......
Bdg'wtr. Est. 50p	323	......
Clover Croft	23	......
Craig & Rose £1	615xd	......
Dyson (R. A.) A	35	......
Ellis & McHdy	66	......
Evered	23	......
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship £1	140	+5
Higsons Brew	74	......
Holt (Jos) 25p	252	......
I.O.M. Stm. £1	192	......
N'thn Goldsmith	72	......
Pearce (C. H.)	198	......
Peel Mills	22	......
Sheffield Brick	53	......
Sheff. Refrshmt	67	......
Sindall (Wm.)	118	......

IRISH

Conv. 9% '80/82	£90	......
Alliance Gas	99	......
Arnott	350xd	......
Carroll (P.J.)	95	+3
Clondalkin	99	......
Concrete Prods.	130	......
Heiton (Hldgs.)	47	......
Ins. Corp.	168	......
Irish Ropes	105	......
Jacob	50	......
T.M.G.	190	......
Unidare	80	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew.	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17		
Boots	15	Legal & Gen.	14	**Property**	
Bowaters	16	Lex Service	7	Brit. Land	3¾
B.A.T.	24	Lloyds Bank	22	Cap. Counties	4½
British Oxygen	6	"Lofs"	4	E.P.	5
Brown (J.)	20	London Brick	5	Intereuropean	4
Burton 'A'	12	Lonrho	5	Land Secs.	16
Cadburys	5	Lucas Inds.	25	MEPC	12
Courtaulds	10	Lyons (J.)	10	Peachey	8
Debenhams	8	"Mams"	7	Samuel Props.	9
Distillers	15	Mrks. & Spncr.	10	Town & City	1¼
Dunlop	7	Midland Bank	25		
Eagle Star	11	N.E.I.	12	**Oils**	
E.M.I.	14	Nat. West Bank	22	Brit. Petroleum	45
Gen. Accident	17	Do. Warrants	10	Burmah Oil	5
Gen. Electric	18	P & O Dfd.	8	Charterhall	3
Glaxo	40	Plessey	8	Shell	28
Grand Met.	9	R.H.M.	5	Ultramar	28
G.U.S. 'A'	20	Rank Org. 'A'	18		
Guardian	18	Reed Intnl.	12	**Mines**	
G.K.N.	22	Spillers	3	Charter Cons.	12
Hawker Sidd.	20	Tesco	4	Cons. Gold	14
House of Fraser	12	Thorn	22	Rio T. Zinc	16
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday December 20 1978

ROLLS-ROYCE JOINS CONSORTIUM TO BUILD REACTORS

Anglo-U.S. nuclear venture

BY DAVID FISHLOCK, SCIENCE EDITOR

ROLLS-ROYCE, the heavy electrical plant group Northern Engineering Industries and the U.S. company Combustion Engineering have launched an Anglo-American joint venture to compete in the international *nuclear energy* market with a U.S.-designed reactor.

The new venture will build reactors under a Combustion Engineering licence, to a design which has been very successful in the U.S. Rolls-Royce will be seeking to repeat the success it has had, through its subsidiary, Rolls-Royce and Associates, in building 16 *submarine reactors* and 30 fuel cores for the Royal Navy under a Westinghouse licence.

Sir Kenneth Keith, Rolls-Royce chairman, is chairman of the new nuclear venture, RNC (Nuclear), in which the three partners have equal shareholdings.

In a letter to Mr. Anthony Wedgwood Benn, Secretary for Energy, last month, Sir Kenneth outlined several arguments in support of his belief that the UK electricity supply industry—which is *evaluating* four designs of pressurised water reactor—should choose the Combustion Engineering reactor and the new venture behind it to build a 1,300MW demonstration plant in Britain.

Among these were:

● The design is considered conservative and reliable by U.S. electrical supply industry, which has placed 17 of its 24 orders for the biggest (1,300 MW) reactors—71 per cent of the market—with the U.S. company.

● The reactor has consistently been up-rated during its lifespan.

● It is already designed to burn recycled plutonium as a fuel, ready for when the political *climate shifts again in favour of* this form of fuel conservation.

● The UK demonstration, approved in principle by the Government early this year, could be built to safety standards required by West Germany and apparently favoured by UK nuclear *inspectors.*

● No alternative scheme would offer the export opportunities for Britain in the market for reactors and components.

Rolls-Royce, which has National Enterprise Board backing for its venture, says the new company would welcome Government participation.

Sir Kenneth has asked for a meeting with Mr. Wedgwood Benn at the earliest opportunity and, although he has received only an acknowledgment in reply, is confident of a meeting *early in January.*

The new venture can be expected to delay any final decision by the electricity industry on which pressurised water reactor it would prefer to build. It had hoped to complete its assessment by Christmas and the favourite was the Westinghouse design, for which the National Nuclear Corporation—with the Government's approval—has held a licence since 1975.

Combustion Engineering executives in London stressed yesterday *that one of British in*dustry's weaknesses in trying to export technology to U.S. utilities was the absence of any strong U.S. partner. Combustion Engineering, as suppliers of 40 per cent of the boilers used in all kinds of U.S. generating plant, would fulfil this role. But U.S. industry would also have the assurance of the standards *of quality associated with Rolls-*Royce, and its experience in nuclear procurement.

The executives estimated that of the 24 U.S. reactor orders it has in hand, more than $100m worth of auxiliary plant remained to be ordered for a dozen reactors. They implied that this was equipment under the control of Combustion Engineering which they would be willing to order from their UK partners provided *they* were in the design and construction business for this kind of reactor.

The company has obtained no nuclear orders yet outside the U.S.

Mr. Ray Whitfield, Rolls-Royce's director for future planning, said yesterday that the company was "determined to go ahead" with the new venture. The only discouraging noises so far had come from the National Nuclear Corporation, he said.


Sir Kenneth Keith, chairman of new venture.

World reactor market, Page 5

U.S. records $3.8bn deficit in third quarter

BY DAVID BUCHAN

WASHINGTON — The U.S. recorded a $3.8bn balance of payments deficit in the three months to the end of September. This was $700m more than the April-June deficit, and a figure which casts doubt on U.S. Government forecasts of a drastic improvement next year.

The latest OPEC oil price rise will add to the administration's problems. It is likely to increase the U.S. oil import bill by $4bn on current projections. On top of this, the Administration is faced with the news that the U.S. payments balance now stands $13.8bn in deficit for the first nine months of this year. For the whole year, it looks like eclipsing the record deficit of $15.3bn in 1977.

The U.S. Treasury, and in particular *Mr. Michael* Blumenthal, the Treasury Secretary, have been predicting that the U.S. deficit on current account—which includes merchandise trade and invisibles such as insurance and tourism—would fall to as low as $6bn next year as a result of increased exports, a recovery in the dollar, slower growth in the U.S. and faster expansion elsewhere.

This forecast now appears to have been based on a mistakenly optimistic reading of the relatively good second quarter *balance of payments* results.

However, Treasury officials yesterday refused to be shaken into revising their forecasts for next year by one quarter's results. Mr. William Miller, chairman of the Federal Reserve, *has* maintained that the prospects for a much smaller current account shortfall next year are still good.

The Commerce Department, which yesterday released the balance of payments figures, said the increased deficit between July and September was chiefly due to a slight rise in the visible trade deficit, compounded by a sharp decline in receipts on invisible items.

The Department also announced a $5bn increase in foreign official holdings of U.S. *Government Securities during* the third quarter. This was the result of large dollar purchases by foreign governments, aimed at supporting the U.S. currency, which were then converted into Government Securities.

Standards for life companies approved by EEC Ministers

BY GUY DE JONQUIERES AND CHRISTINE MOIR

AN IMPORTANT step towards the creation of a common market in life assurance was taken yesterday when EEC foreign ministers approved in principle a directive laying down uniform minimum standards for the operations of life companies throughout the Community.

Insurance companies may set up operations in any member country in the Community under the Treaty of Rome. But they have had to comply with local rules which have differed markedly from country to country.

The directive, whose introduction has been supported by the UK insurance companies, introduces common minimum financial rules and prohibits the formation of any more composite insurance companies — those which conduct both life and non-life business. Mr. Ronald Skerman, chairman of the British Insurers European Committee, said that these rules would make it possible for companies to extend their networks throughout Europe.

The directive awaits final approval by EEC ministers *early next year, though this will* be little more than a formality. A further two and a half years will then be needed to bring the provisions fully into effect.

Solvency margins are the key to the industry's performance. For the first time the directive provides a quantified definition of these margins.

This has been one of the *trickiest areas of discussion,* as existing procedures differ widely.

A compromise has been reached, whereby solvency margins will be calculated on the basis of "explicit" items in a company's balance sheet—such as its capital and free reserves — along with an "implicit" element based on future profit estimates.

The estimates will be arrived at by extrapolating from profits over the preceding five years —the method used in West Germany.

The definition of *solvency* margins will therefore specifically exclude the implicit margins in actuarial reserves, the prime calculation used by British and *Irish companies.*

They will continue to use the sophisticated actuarial calculations that they have always used, but their financial status will no longer be estimated by reference to them.

The prohibition on the formation of new composite companies anywhere in the Community will not affect existing composite companies for the time being. Despite attempts by West Germany to have them split into their separate components, the Ministers have only agreed to review their performance in 10 years time.

Composites entering the life insurance field for the first time outside their country of origin will have *to comply with strict* rules.

If they wish to expand they will have to set up a subsidiary with a minimum capital of *600,000 units of account (about* £530,000). Branches or agencies already in existence will be allowed to continue.

Dr. Sadiqi expected to head Government under Shah

BY ANDREW WHITLEY

TEHRAN—Moves to set up a new civilian government in Iran appear to be coming to a head.

An announcement is believed to be imminent naming Dr. Gholam Hossein Sadiqi, a veteran politician of the era of Dr. Mossadegh, the nationalist Prime Minister of the 1950s, as head of a government under the Shah.

Close relatives of Dr. Sadiqi say he was asked by the Shah a few days ago to accept the Premiership, but that he has not yet given his answer.

At least one other elder statesman is known to have declined the post, considered political suicide in the absence of a genuine transfer of power from the monarch.

Speculation about this latest effort—replacing the six-week-old military-led administration—has been fuelled by apparent intensification of meetings with the Shah by the small clique of elder statesmen and by approaches to moderate members of the opposition movement to join a Sadiqi cabinet.

Political observers here believe the Generals have been influential in pressing for a new government by mounting evidence that their control over the troops is crumbling in the face of the continuing anti-Shah agitation.

There were more demonstrations yesterday in the North Western city of Tabriz following Monday's mutiny by some troops confronting a religious procession. In the latest trouble helicopters fired tear gas grenades at several thousand demonstrators who refused to disperse.

Western journalists say long columns of tanks made their way through Tabriz. The opposition National Front claims that five aircraft carrying paratroopers were sent yesterday morning in a show of strength designed to bolster sagging army morale and suggest that the mutiny was an isolated incident.

● Meanwhile, it has been *confirmed* that a new chairman of the National Iranian oil company has been appointed to replace Mr. Houshang Ansari, who left the country last month ostensibly for medical treatment. Mr. Ansari is said to have refused to return for fear of arrest in the round-up that has already netted Mr. Amir Abbas Hoveyda, the former Prime *Minister, and a dozen* other former Ministers.

The new head of NIOC, one of the world's largest business concerns and a major force in Iran, is to be Mr. Abdullah Entezam.

Foreign oil workers low profile Page 2

Profitability of industry rises

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE UNDERLYING profitability of industry recovered sharply during the early autumn but is still low by past standards.

This was disclosed by provisional estimates for Gross Domestic Product in the three months to the end of September, published yesterday by the Central Statistical Office.

The figures show that total output, as measured by GDP, was probably growing at about 4 per cent a year during the year to the end of September.

But recent evidence points to a slight moderation in the rate of expansion from the late summer onwards.

The improvement in *industry's profitability is shown* by 18.9 per cent rise to £3.51bn, in companies gross trading profits, after allowing for the rise in the value of stocks of goods and work in progress, between the second and third quarters. This followed a 2½ per cent decline in the previous three months.

On a longer-term comparison, profits net of stock appreciation were about 8½ per cent higher in the six months to September than in the previous half-year.

The rise in profits in the third quarter should reduce some of the concern aroused by the very sharp decline originally reported for the second quarter. That decline is now estimated to have been only small.

A significant part of the third-quarter rise may have been the result of the build-up *in North Sea output and profits.* (Seperate estimates for the North Sea are not yet available.)

Moreover, in spite of the *third-quarter recovery,* the underlying level of industrial profitability was still well below the level ruling up to the early *1970s.*

Both the Confederation of British Industry and the Bank of England have recently said they are seriously concerned about the possibility of a squeeze on profits margins next year and of a deterioration in the financial position of industry.

Industry already has a large financial deficit after allowing for tax, dividends, capital spending, and the increase in the value and volume of stocks.

The detailed figures show that Gross Domestic Product *increased by 0.8 per cent* between the second and third quarters (at 1975 prices and seasonally adjusted), according to the average estimates based on expenditure, income and output data. This estimate rose by about 2½ per cent between the last two half-years.

The output measure, usually considered the best indicator of movements in the economy in the short term, rose by only 0.3 per cent between the second and third quarters, after an increase of 2 per cent in the previous three months.

The main feature was a rise in consumer spending, partly offset by a fall in stockbuilding. There was a small fall in the *volume of fixed investment in* the third quarter. Over the last two years this has not changed by very much.

Within this total, spending by *manufacturing companies has* been rising since the start of 1976 to offset a decline in public sector investment.

Brooke Bond bid loses support

BY JAMES FORTH

COOPERS AND LYBRAND, the international accountants, has withdrawn its support for Brooke Bond Liebig's £19.5m bid for Bushells Investments—Australia's biggest tea processor and distributor.

A split has developed between Coopers the group's auditors, and the Bushells Board, which is continuing to recommend minority shareholders to accept Brooke Bond's offer of $A5.56 a share.

Bushells is 51 per cent owned by the Bushells and Oxley families, which have agreed to accept the bid terms.

Coopers and Lybrand, which had originally supported the Board, now says that, in view of the recent surge in Bushells' share price, a more reasonable offer would be $A6.25 a share.

It points to Bushells' current trading performance and a revaluation of the group's properties as further reasons for a higher offer.

The split between the group's auditors and the Bushells Board was revealed in an offer document sent to Bushells shareholders. In this the Board said that it intended to recommend acceptance of Brooke Bond's offer—after having had long *consultations with Coopers and* Lybrand.

This latest development follows just one month after the Australian Government decided to reverse its decision to block the £19.3m takeover.

In order to persuade the authorities to permit the bid Brooke Bond has had to agree to permit the Australian Mutual Provident Society to take an immediate 25 per cent stake in Brooke Bond's Australian operations—with a further commitment that the business will be 51 per cent Australian owned within the next three to five years.

However, the Australian Government decision to let the bid go ahead was taken in the face of strong pressure from other local concerns which also wished to mount a bid for Bushells.

Continued from Page 1

Unemployment falls

probably due to the seasonal adjustment not taking sufficient account of recent Christmas working patterns.

Employers are believed to be less willing to take on workers before Christmas now because the holiday period—in which employees must still be paid—has been considerably extended.

It is likely two factors have been at work in reducing unemployment over the last 15 months. Not only has the rise in economic activity increased demand for labour, but there seems to have been a fall in the numbers seeking employment.

According to the latest Bank of England Quarterly Bulletin, "employment appears to be increasing only slowly and, in the year to June, grew by far less than the expected increase in the labour supply."

This disparity has been particularly acute among men, where both employment and unemployment have been falling.

Part of the explanation, said the Bank, might be that self-employment has increased—partly because of a recent upturn in the construction industry.

Total unemployment in the UK, including school leavers and not seasonally adjusted, fell by 27,700 to 1.36m in the last month—the lowest figure since May 1977 and to 5.7 per cent of the workforce.

Total unemployment in the UK fell 27,600 to 1.30m, or 5.6 per cent of the workforce.

The Government's job support and training measures are keeping about 197,000 people off the employment registers, a rise of 7,000 over the past month.

THE LEX COLUMN

Diversification at Northern Foods

Northern Food's pre-tax profit for the year of £22.4m is exactly in line with expectations. *Ignoring the contributions of* British Credit Trust and Pork Farms, which Northern Foods respectively sold and bought during the year, pretax profits have moved ahead solidly from £16.3m to £20m. The Pork Farms acquisition allowed the management to qualify for a substantial increase in dividend, so the yield is up from 3.4 per cent to 5.7 per cent at 97p and is now average for the food manufacturing sector.

The company remains comfortably endowed with cash and *is continuing a brisk campaign* to lessen its dependence on the milk delivery business. Dairy products still account for 50 per cent of profits but the managements' aim is to cut that to between 25 and 30 per cent by the end of 1981. Spending on internal expansion is running at £10m a year and there will be further acquisitions. Northern Foods might even expand abroad if a suitable opportunity in the U.S. arises.

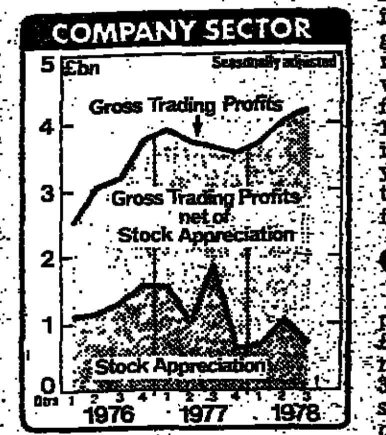
This diversification seems to be paying off. The baking and biscuit interests were the bright spots last year. The pricey Pork Farms business looks set to make a substantial contribution to growth this time. It is only on the brewing side that developments are more muted. Northern Foods failed in a major brewing purchase last year and its existing interest produced no increase in profit.

Although non-recurring income of about £2m last year could cut into this year's half time advance, Northern Foods' current trading indicates another solid rise in profit for the year.

Company profits

That ominous drop in company profits revealed by the second-quarter figures for gross national product may have been largely a statistical quirk. Preliminary figures for the third quarter incorporate substantial revisions to earlier profits estimates, and with the first quarter being revised down and the second quarter up, the dip *almost disappears even net of* stock appreciation. Perhaps more important, modest growth seems to have been resumed in July-September, when at the gross level company sector profits were 15 per cent higher than a year before. And with stock appreciation easing from second quarter levels, profits net of stock appreciation were up 27 per cent on July-September, 1977.

Index rose 2.1 to 476.1



What this first set of figures does not show, however, is the position of industrial and commercial companies on their own. The figures for the whole company sector are affected by the trends among financial institutions and have also in recent quarters been given a rosy glow by the incorporation of buoyant North Sea oil profits.

Asda

Suspicious at first, the stock market is coming round to the view that Associated Dairies's recent bid for Allied Retailers made sense. Asda's interim figures confirm that its old formula is still working: following a marked slowdown during the latter part of last year, profits in the six months to October are 26 per cent higher at £14.5m pre-tax. Sales are up by just over 28 per cent, less than half of which is explained by inflation and new selling space.

Asda is hopeful that its margins could actually start to rise from now on, thanks partly to its increasing proportion of non-food sales. These account for a quarter of its turnover, and generate a gross margin of perhaps 25 per cent —roughly twice that of its food business.

As for Allied, Asda has already handed over three store sites which could not be used for food sales, and it has some ambitious expansion plans for the eight large UKAY outlets, which cover the complete furniture and carpet range. It is talking about opening an annual six or seven such stores for some time to come.

Of course Asda is a long way from doing for furniture what it has for food, but if it can even get part of the way there the recent strength of the shares will have been justified. The fully taxed prospective p/e at 198p could be around 11½ taking in a full year of Allied. The yield is only 3½ per cent—but there is another year of dividend freedom to come.

Granada

Granada's preliminary pre-tax profits are up by over a third to £34m and *under the new rules* the dividend has been raised by 35 per cent putting the "A" shares, at 127p, on a yield of just over 3 per cent.

The key to this impressive performance continues to be the UK TV rental side (53 per cent of total earnings) where profits are £4.9m higher. However, after adjusting for the previous year's £1.6m of reorganisation costs and a £1.3m fall in the interest charge, the improvement is less dramatic. It is clear that Granada in common with the other TV rental companies is still benefiting handsomely from the rental boom of the early 1970s. Although the market for new sets has reached a plateau the combination of lower finance charges and relatively lower depreciation is keeping profits moving ahead nicely.

Faced with a flat market in the UK Granada has been investing heavily overseas where rental turnover has trebled since 1975. This has not yet shown through to profits though roughly a quarter of Granada's total showrooms are now overseas. However, their profit contribution should improve over the next few years as their business matures and in the meantime Granada's non-rental businesses are motoring ahead.

Generale Occidentale

Yesterday's column stated that the Banque pour le Commerce Continental had been taken over by the Generale Occidentale Group. This is not the case. In fact, two authorised banking subsidiaries of GO, one Swiss and the other French, acquired only part of the assets of BCC. The acquisition had no connection with the withdrawal of BCC's authorised status. We apologise to Sir James Goldsmith and GO for any contrary impression given.

Weather

UK TODAY

RATHER COLD in England and Wales.

London, E., N. England, Midlands, N. Wales, S. E. Scotland

Dry, fog early and late, persisting all day in places. Max 4C (39F).

S.E., Cent. S. England

A little sleet or snow. Max. 4C (39F).

Channel Isles, S.W. England, S. Wales

A little rain or snow. Max. 6C (43F).

Cent. Scotland, Highlands, Scottish Islands, N. Ireland

Mainly dry, some sunny intervals, wind S., fresh or strong. Max. 7C (45F).

Outlook: Some freezing fog patches.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstm.	S	—1	30	Madrid	S	4	39
Athens	S	19	66	Mnchstr.	Fg	1	34
Bahrain	S	21	70	Melbne.	R	17	63
Baclona.	S	8	46	Mex. C.	S	19	66
Beirut	S	19	66	Milan	Sn	1	34
Belfast	S	6	43	Montreal	S	—11	12
Belgrade	C	—1	30	Moscow	S	—11	12
Berlin	S	—6	21	Munich	F	—4	25
B'ham	Fg	—3	27	Nwcstl.	S	1	34
Bristol	C	—2	28	N. Delhi	S	22	72
Brussels	S	—3	27	N. York	S	—2	28
Budpst.	C	—2	28	Oslo	F	—4	25
B. Aires	C	27	81	Paris	C	—3	27
Cairo	S	22	72	Perth	C	21	70
Cardiff	S	0	32	Prague	F	—5	23
Chicago	C	1	34	Reykjvk.	S	—2	28
Cologne	F	—3	27	Rio J'o	S	29	84
Copnhn.	C	2	36	Rome	R	15	59
Dublin	S	7	45	Singpr.	S	28	83
Ednbgh.	C	5	41	Stckhlm.	F	2	36
Frankft.	S	—2	28	Stsbrg.	F	—3	27
Geneva	C	0	32	Sydney	C	23	73
Glasgow	C	5	41	Tehran	S	9	48
Helsinki	S	—11	12	Tel Aviv	S	18	64
H. Kong	C	20	69	Tokyo	R	4	40
Jo'burg	S	23	73	Toronto	S	—9	15
Lisbon	C	10	50	Vienna	C	—3	27
London	S	4	39	Warsaw	S	—2	28
Luxmbg.	S	—3	27	Zurich	C	—5	23

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	12	54	Jersey	C	—1	30
Algiers	C	11	52	L. Plms.	C	17	63
Brrtz.	C	2	36	Locarno	C	3	37
Blckpl.	S	—1	30	Malaga	F	12	54
Bordx.	C	2	36	Malta	S	19	66
Boulgn.	S	—2	28	Nairobi	R	20	69
Cape T.	S	27	81	Naples	C	17	63
Corfu	S	18	64	Nice	F	10	50
Dbrvnk.	F	19	66	Nicosia	S	19	66
Faro	C	10	50	Oporto	C	7	45
Florence.	C	6	43	Rhodes	S	18	64
Funchal	S	16	61	Salzbg.	F	—3	27
Gibraltr.	F	12	54	Tangier	F	13	55
Gurnsy.	F	1	34	Tenerife	C	13	55
Innsbrk.	F	—2	28	Tunis	S	17	63
Invrnss.	S	7	45	Valencia	S	9	48
I. Man	S	6	43	Venice	Sl	1	34
Istanbul	C	8	46				

S—Sunny. F—Fair. Fg—Fog. R—Rain. C—Cloudy. Sl—Sleet. Sn—Snow.

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